

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2020-125-E - ORDER NO. 2021-570

AUGUST 16, 2021

IN RE:	Application of Dominion Energy South)	ORDER APPROVING
	Carolina, Incorporated for Adjustment of)	RATES AS SET FORTH
	Rates and Charges)	IN THE SETTLEMENT
)	AGREEMENT AND
)	APPROVING
)	SETTLEMENT
)	AGREEMENT

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SUMMARY

	Dominion (Application)	Settlement (Approved by Commission)
Total Revenue	\$2.246 Billion	\$2.129 Billion
Total Revenue Increase (\$)	\$178 million	\$61.6 million
Total Retail Revenue Increase (%)	7.75%	1.46%
Funds to Forgive Past Due Balances	(nothing)	Up to \$15 million
Funds Dedicated to Energy Efficiency Upgrades and Safety Repairs	(nothing)	Up to \$15 million
EnergyShare Funding	\$750,000	\$1.5 million (for the first time includes \$500,000 for small business)
Residential Base Charge	\$11.50/month	\$9.50 /month
No General Rate Increase	-----	For 2 years (absent unforeseen circumstances)
New Programs	-----	Propose Electricity Affordability Program for Low-Income
Major Turbine Expenses (currently \$18.4 million)	\$10.6 million (increase)	Approx. \$4.17 million retail increase (\$5.0 million less than requested)

AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL

<i>Average Monthly Bill of Residential Consumers Using 1,000 kilowatt hours per month</i>		
	\$122.31 (w/ fixed monthly fee of \$9.00) Application (August 2020) (Rate 8)	\$124.11 (w/ fixed monthly fee of \$9.00) Current Rate (May 2021) ¹ (Rate 8)
	DESC Application	Settlement (Approved by Commission)
Average Monthly Bill with Rate Increase (eff. 9/1/2021)	\$131.99 (w/ fixed monthly fee = \$11.50)	\$125.92 (w/ fixed monthly fee = \$9.50)
Increase in Average Monthly Bill (eff. 9/1/2021)	\$9.68 (7.91%)	\$1.81 (1.46%)
Number of Impacted Consumers	753,000 consumers	

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (Commission) on the August 14, 2020 Application of Dominion Energy South Carolina, Inc. (DESC, Dominion or Company) to increase its rates and charges from the previously approved rates and charges authorized by the Commission in 2012.² DESC filed its Application pursuant to S.C. Code Ann. §§ 58-27-820 and 58-27-870 (2015) and S.C. Code Ann. Regs. 103-303 and 103-823 (2012). In the August 2020 Application, DESC requests a revenue increase of approximately \$178,000,000 per year and a Return on Equity (ROE) of 10.25% after proforma adjustments; however, as a result of a Settlement

¹ Rooks Settlement Testimony, p. 4, ll. 1-4; Rooks Settlement Testimony Exhibits AWR-1, AWR-2, & AWR-3.

²Order No. 2012-951, Docket No. 2012-218-E, which approved rates for South Carolina Electric & Gas Company (SCE&G). Effective April 29, 2019, SCE&G changed its name to DESC.

Agreement with all interested stakeholders and parties either joining the Settlement Agreement or not objecting to it, DESC now requests a significantly lower rate than originally proposed in this docket.³

The hearing on DESC's Rate Application began on January 5, 2021, at 10:00 a.m. as scheduled by the Clerk's Office of the Commission. After four days of the hearing and five public hearings for customers, based upon the testimony and evidence presented up to this point in the hearing and due to the extraordinary circumstances confronting citizens and ratepayers, ORS offered a ratemaking pause for a minimum of six (6) months beyond the pending deadline to issue a regulatory decision. *See* ORS Letter filed on January 11, 2021. Due to the COVID-19 pandemic and South Carolina State of Emergency, the Commission granted a six-month pause to the proceedings, which was agreed upon and requested by all parties, to "allow the parties to discuss settlement." *See* Directive Order No. 2021-18, decided on January 11, 2021, and the Stipulation to Stay Application, filed on January 12, 2021, with final signatory page filed on January 13, 2021. The hearing was scheduled to continue on July 12, 2021. However, on July 2, 2021, the parties filed a comprehensive Settlement Agreement and jointly moved to seek the Commission's approval of the Settlement Agreement to resolve all issues in the docket.⁴ The Settlement Agreement contained a request for a significantly reduced increase to rates and charges than the rates and charges contained in the application DESC filed on August 14, 2020. As noted by the Commission in its July 21, 2021 Directive:

³ The term "Settling Parties" as used herein shall refer to the signatory parties of the Settlement Agreement, or those parties and intervenors not objecting to it.

⁴ CMC Steel indicated it did not oppose the Settlement Agreement, although it was not a signatory to the agreement.

Under the Settlement Agreement, a residential customer using 1,000 kilowatt-hours per month would see a monthly increase of \$1.81, which is a 1.46% increase from the current rate. As you recall, Dominion sought a[] rate increase of approximately \$9.68 per month in its application. This settlement significantly mitigates the impact of the Company's rate application on all classes of Dominion customers – both residential and businesses.

We commend DESC and the parties for working towards an agreement that we find is in the public interest, and we approve the Settlement Agreement and the adjustments in rates and charges set forth in the Settlement Agreement.

II. FACTS AND PROCEDURAL HISTORY

On April 28, 2020, with uncertainty and concerns regarding the COVID-19 Pandemic and with Governor Henry McMaster's proclamation of a State of Emergency for South Carolina, the Commission issued Order No. 2020-313. This order allowed for a delay in the earliest possible date that DESC could file a general electric rate case and seek to implement new rates, if any, which was previously established in Commission Order No. 2018-804 to allow benefits to confer upon ratepayers from the merger of Dominion and South Carolina Electric and Gas Company.

At the present time, we agree that a delay in the filing date for electric rate relief and a delay in the date on which new rates, if any, would be implemented is appropriate, due to issues presented by COVID-19, and due to the South Carolina State of Emergency proclaimed by Governor McMaster. Accordingly, Dominion will not be required to file for electric rate relief on May 1, 2020, nor will Dominion be required to place new rates, if any, in effect on January 1, 2021, as previously ordered by Commission Order No. 2018-804 and other Commission Orders. The original Order language requiring these actions by the listed dates is hereby vacated, as is language in any other orders of this Commission concerning the filing date for this electric rate case and the effective date of any new rates. In addition, the

Commission Staff shall open a separate docket to address the new Dominion electric rate case that will be filed, as described herein.

Order No. 2020-313, p. 3.

Approximately three months later, on July 13, 2020, DESC submitted a notice of intent it would file for an increase in rates “not earlier than thirty (30) days from the date of this notice.” (DESC correspondence to the Commission dated July 13, 2020). On August 14, 2020, DESC filed an application seeking an increase in its rates and charges pursuant to sections 58-27-820, 860, and 870 of the South Carolina Code of Laws. DESC asserted in its application its costs to provide electrical service to its customers had increased since the test year ending on December 31, 2011, used in the previous rate case.⁵ DESC expressly indicated “[c]osts associated with the abandoned V.C. Summer Units 2 & 3 construction project are not included in the rates requested in this Application nor are any adjustments proposed to the Capital Cost Rider approved in Order No. 2018-804.” (Application filed August 14, 2020, p. 3). The Application established the rates DESC requested “would result in an increase in revenues of approximately \$178 million or 7.75% based on the adjusted test year data. The current request corresponds to less than a 1.0% per year increase in rates for the typical customer since the rates were last adjusted.” (Application filed August 14, 2020, p. 4). DESC supplemented its Application on August 20, 2020, to provide additional required information and thereafter provided the necessary publication of Notices of its Application and proof of publication, as well as timely publication and proof of the Notice of Public Hearings in this docket.

⁵ See Order No. 2012-951.

On August 24, 2020, after the parties had an opportunity to comment on a new procedural schedule, the Commission established the procedural schedule for this docket in Standing Hearing Officer Order No. 2020-79-H and directed the public hearing would begin on January 5, 2021.

The South Carolina Office of Regulatory Staff (ORS) is a party of record pursuant to section 58-4-10(B) of the South Carolina Code of Laws (Supp. 2020). Andrew M. Bateman, Esquire, Christopher M. Huber, Esquire, Alexander W. Knowles, Esquire, and Steven Hamm, Esquire, gave notice of appearance as counsel for ORS.

Ten intervenors filed petitions on the following dates and indicated legal representation. The South Carolina Department of Consumer Affairs (SCDCA), represented by Carri Grube Lybarker, Esquire, Roger P. Hall, Esquire, and Connor J. Parker, Esquire, filed a Petition to Intervene on September 1, 2020. AARP South Carolina (AARP), represented by Adam Protheroe, Esquire, and John B. Coffman, Esquire, *pro hac vice*, filed a Petition to Intervene on September 24, 2020. The South Carolina Energy Users Committee (SCEUC), represented by Scott Elliott, Esquire, filed a Petition to Intervene on September 30, 2020. The Southern Alliance for Clean Energy (SACE) and the South Carolina Coastal Conservation League (SCCCL), represented by Katherine Lee Mixson, Esquire, and David Neal, Esquire, *pro hac vice*, filed a Petition to Intervene on October 30, 2020. The United States Department of Defense and all other Federal Executive Agencies (DoD-FEA), represented by Emily W. Medlyn, Esquire, filed a Petition to Intervene on August 26, 2020. The Sierra Club, represented by Robert Guild, Esquire, and Dorothy Jaffe, Esquire, admitted *pro hac vice*, filed a Petition to Intervene on August 24, 2020. Walmart, Inc. (Walmart) represented by Stephanie U.

Eaton, Esquire, Carrie Harris Grundman, Esquire, and Derrick Price Williamson, Esquire, filed a Petition to Intervene on September 15, 2020. CMC Steel South Carolina (CMC Steel), represented by Alexander G. Shissias, Esquire, filed a Petition to Intervene on August 21, 2020, and Frank Knapp, Jr., filed a Petition to Intervene on September 8, 2020.

The parties submitted pre-filed testimony and exhibits. DESC filed the Direct Testimony of P. Rodney Blevins, President of DESC; Iris N. Griffin, Vice President of Financial Management and Integration at the Company; Keith C. Coffey, Jr., Controller of DESC; Regina L. Elbert, Vice President of Human Resources Business Services; W. Keller Kissam, President, Electric Operations; James H. Vander Weide, Ph.D., President of Financial Strategy Associates; Kevin R. Kochems, Manager of Regulatory Accounting; Zachary Long, Senior Strategic Advisor for Financial and Business Services and Mergers and Acquisitions; Allen W. Rooks, Manager of Electric Pricing and Rate Administration; and John J. Spanos, associated with the firm of Gannett Fleming Valuation and Rate Consultants, LLC. Exhibits were included with the Direct Testimony of Kochems, Vander Weide, Elbert, Coffey, Spanos, and Rooks.

DESC later filed the Rebuttal Testimonies of witnesses Blevins, Griffin, Kochems, Coffey, James W. Neely, Senior Resource Planning Engineer, Kissam, Elbert, Henry E. Delk, Jr., General Manager, Fossil Hydro Operations, Steven M. Fetter, President of Regulation UnFettered, R. Scott Parker, Manager of Transmission Planning, Spanos, Vander Weide, David A. Whiteley, owner of Whiteley BPS Planning Ventures LLC, Cristina Freeman, Manager of Customer Assistance, Long, Rooks, and Alison M. Nawrocki, Controller-Tax for Dominion Energy Services, Inc. DESC also filed Supplemental Testimony of Rooks and Coffey.

AARP filed the Direct Testimony and Exhibits of Scott J. Rubin, independent consultant and attorney. AARP later filed the Surrebuttal Testimony and Exhibit of Rubin.

The Sierra Club filed the Direct Testimony and Exhibits of Elizabeth A. Stanton, Ph.D., Director and Senior Economist of the Applied Economics Clinic, and later filed the Surrebuttal Testimony of Stanton.

SCEUC filed the Direct Testimony and Appendix of Kevin W. O'Donnell, President of Nova Energy Consultants, Inc., and the Direct Testimony, Appendix, and Exhibits of Edward G. McGavran III, P.E. SCEUC later filed the Surrebuttal Testimonies of McGavran and O'Donnell.

Walmart filed the Direct Testimony and Exhibits of Lisa V. Perry, Senior Manager of Energy Services, and later the Surrebuttal Testimony of Perry.

DoD-FEA filed the Direct Testimony and Exhibits of Zhen Zhu, Ph.D., Managing Consultant of C.H. Guernsey & Company, and Mark E. Garrett, President of Garrett Group Consulting, Inc. Thereafter, DoD-FEA filed the Surrebuttal Testimonies of Zhu and Garrett.

SCDCA filed the Direct Testimony and Exhibits of Aaron L. Rothschild, President of Rothschild Financial Consulting, Scott Hempling, President, Scott Hempling, Attorney at Law LLC, and David E. Dismukes, Ph.D., Consulting Economist with the Acadian Consulting Group. SCDCA later filed the Surrebuttal Testimony of Hempling and the Surrebuttal Testimonies and Exhibits of Dismukes and Rothschild.

ORS filed the Direct Testimony of William C. Kleckley, Senior Auditor; Ryder C. Thompson, Director of Utility Rates and Services, Brandon S. Bickley, Regulatory Analyst, Anthony Sandonato, Senior Regulatory Manager, Anthony D. Briseno, Audit

Manager. ORS filed the Direct Testimony and Exhibits of Michael Seaman-Huynh, Deputy Director of Energy Operations, Lane Kollen, Vice President and a Principal of J. Kennedy and Associates, Inc., J. Randall Woolridge, Ph.D., Professor of Finance and the Goldman, Sachs & Co. and Frank P. Smeal Endowed University Fellow in Business Administration at Pennsylvania State University, David J. Garrett, managing member of Resolve Utility Consulting, PLLC, and Daniel F. Sullivan, Director of the Audit Department. Subsequently, ORS filed the Surrebuttal Testimonies of Briseno, Bickley, Garrett, Woolridge, and Kleckley and the Surrebuttal Testimonies and Exhibits of Seaman-Huynh, Sullivan, and Kollen.

Corrected, revised, and responsive testimony was also filed by many of the witnesses.

The Commission held public hearings for customers to speak on November 9, 2020, November 10, 2020, November 12, 2020, January 5, 2021, and January 7, 2021. Numerous customers of DESC attended these hearings and testified regarding the proposed increase in rates.

On January 5, 2021, the Commission began the virtual hearing for the parties to present their witnesses in this docket. Between January 6, 2021, and January 11, 2021, the following DESC witnesses testified: Blevins, Freeman, Kissam, Griffin, Vander Weide, Fetter, Parker, Whiteley, Elbert, Long, Spanos, Coffey, Kochems, and Delk.

On January 8, 2021, AARP State Director, Teresa Arnold, filed a letter expressing gratitude to the Commission for allowing public hearings and accommodating AARP members during the COVID-19 pandemic. Arnold referenced the difficulties faced by

many AARP members as a result of the pandemic and requested a delay in any rate increase.

On January 11, 2021, ORS filed correspondence with the Commission recommending all parties and the Commission consider a pause in the docket for at least six months due to the circumstances impacting DESC customers during the pandemic.

Based upon the testimony and evidence presented to the Commission up to this point and the extraordinary circumstances confronting citizens and ratepayers, ORS offers its recommendation to [DESC], to all parties in this proceeding, and to the [Commission], that a ratemaking ‘pause’ be considered and permitted for a minimum of six (6) months beyond the pending deadline to issue a regulatory decision.

Correspondence of Nanette Edwards, ORS Executive Director, January 11, 2021.

On January 11, 2021, the Commission ordered a six month pause in the docket in Directive Order No. 2021-18 and determined the hearing would resume on July 12, 2021, “if necessary.” The following day, January 12, 2021, ORS filed a Stipulation agreed to by all parties to stay all proceedings related to DESC’s Application until July 12, 2021.

On July 2, 2021, ten (10) days before the July 12, 2021 hearing was set to resume, ORS filed a comprehensive Settlement Agreement on behalf of the parties resolving all issues in the docket. As noted above, CMC Steel did not sign the agreement, but indicated it did not oppose the agreement. The parties moved jointly for approval of the Settlement Agreement and filed settlement testimony. The Commission held the hearing on July 12, 2021, and accepted the Settlement Agreement into evidence. The Commission also accepted into evidence the pre-filed settlement testimony of the following witnesses for DESC: Rooks, Kissam, and Blevins; for DoD-FEA, M. Garrett; for the Sierra Club, Will

Harlan, Senior Campaign Representative for the Beyond Coal Campaign; for ORS, Dawn M. Hipp, Chief Operating Officer; for Walmart, Perry; and for AARP, Emma Myers, State President. Each of the witnesses who pre-filed settlement testimony appeared before the Commission to testify and respond to questions. The pre-filed non-settlement testimonies and exhibits of the witnesses that had not testified before the pause were stipulated into the record.

On July 21, 2021, by Commission Directive, the Commission noted the comprehensive settlement is “in the public interest” and “provides finality to this docket so that the resources of the intervenors, consumer advocate, ORS, and company can be used in other areas and prevents a protracted appeal and its expense.” The Commission also explained:

Under the Settlement Agreement, a residential customer using 1,000 kilowatt-hours per month would see a monthly increase of \$1.81, which is a 1.46% increase from the current rate. As you recall, Dominion sought a[] rate increase of approximately \$9.68 per month in its application. This settlement significantly mitigates the impact of the Company’s rate application on all classes of Dominion customers – both residential and businesses. Also, under the Settlement Agreement, Dominion cannot file for a general rate case before July 1, 2023, with new rates not being effective prior to January 1, 2024, except where necessary due to unforeseen extraordinary economic or financial conditions, which may include, but not be limited to, changes in tax rates. This means, absent such unforeseen extraordinary conditions, that customer[]s[‘] rates will not be impacted by a general rate increase until at least January 1, 2024.

III. THE SETTLEMENT AGREEMENT

The Commission convened and conducted an evidentiary hearing in this matter and has considered all issues raised by the parties and evidence presented. Moreover, the

Commission has carefully considered the terms of the Settlement Agreement and specifically the question of whether a rate increase embodying the terms contained in the Settlement Agreement would be just, fair, and reasonable; in the public interest; and otherwise would be in accord with applicable law and sound regulatory policy. For the reasons set forth below, the Commission finds that the Settlement Agreement should be approved; will result in rates that are just and reasonable to all rate classes; will be in the public interest; and will otherwise be in accordance with applicable law. The Settlement Agreement was accepted into the record of the hearing as Hearing Exhibit No. 38.

In its Application, the Company sought approval of an ROE of 10.25% and requested a revenue increase of approximately \$178 million, or 7.75% after proforma adjustments, based on the adjusted data for the period of January 1, 2019 through December 31, 2019 (Test Year).⁶ The Settlement provides for an ROE of 9.50% and a revenue increase of approximately \$61.6 million after proforma adjustments.⁷ However, DESC agrees to return to customers the Unprotected Property related Excess Deferred Income Tax (EDIT) via a Decrement Rider (the “Decrement Rider”) beginning with all bills rendered on or after September 1, 2021, and concluding when the total balance of the Unprotected Property related EDIT, which will equal approximately \$99.5 million as of September 1, 2021 (grossed up for taxes), is depleted.⁸ According to DoD/FEA witness Mark Garrett, the Tax Cuts and Jobs Act (TCJA) reduced the federal corporate tax rate from 35% to 21%, and utilities that had collected taxes from ratepayers at the higher (35%)

⁶ Hearing Exhibit No. 38 ¶ 7.

⁷ *Id.*

⁸ *Id.* at ¶ 6.

corporate tax rate were in possession of over-collected taxes paid by ratepayers that the utilities would not be required to pay. (Garrett Direct, p. 15, ll. 13-16). Per the TCJA-specific rules for the return of these EDIT to ratepayers, unprotected EDIT can be given back to ratepayers over any period of time prescribed by the state commission. (Garrett Direct, p. 15, ll. 16-21).

Using the Decrement Rider to return the Unprotected Property related EDIT to DESC's customers serves to reduce the overall impact on customers to a net annual increase of approximately \$35.6 million after proforma adjustments until the EDIT is exhausted, which is a reduction from the Company's Application of approximately \$142.4 million or 80%.⁹ Under the Settlement Agreement, a residential customer using 1,000 kilowatt-hours (kWh) per month would see a monthly increase of approximately \$1.81 (a 1.46% increase) compared to an increase of approximately \$9.68 for the same residential customer under the Company's Application.¹⁰ According to the Settlement Agreement, the settlement rates will be effective beginning with bills rendered on and after September 1, 2021.

The Settlement Agreement also adopts, except in limited and specified circumstances, all recommendations, adjustments, and customer protections in the testimony and exhibits of ORS witnesses.¹¹ Under the Settlement Agreement, the monthly Basic Facility Charge (BFC) for residential customers under Rate 8 will increase by \$0.50 to \$9.50 compared to the originally requested BFC of \$11.50.¹² The BFC for the remaining

⁹ *Id.* at ¶¶ 6 and 7.

¹⁰ *Id.* at ¶ 7.

¹¹ *Id.* at ¶ 4.

¹² *Id.* at ¶ 8; Hearing Exhibit 41 (AWR-2).

residential customer classifications will remain unchanged.¹³ DESC agrees to not file a general rate case application prior to July 1, 2023, such that new rates will not be effective prior to January 1, 2024, except where necessary due to unforeseen extraordinary economic or financial conditions that may include, but not be limited to, changes in tax rates.¹⁴

In addition, DESC agrees to double the annual commitment to \$1.5 million to Energy Share in 2021 and 2022, \$500,000 of which will be used to support small general service customers.¹⁵ This annual commitment will be funded by Dominion Energy Shareholders; therefore, the Company will not seek recovery from customers.¹⁶ DESC further agreed to provide a cost benefit analysis to include an economic justification for any future grid investment plan cost recovery in a future general rate proceeding.

DESC also commits to give up to \$30 million from Dominion Energy Shareholders as follows (a) up to \$15 million to forgive pro rata share balances more than sixty (60) days past due for all electric customer classes as of May 31, 2021; and (b) \$15 million to fund a combination of energy-efficiency upgrades and critical health and safety repairs that may be required in order for a home to receive energy efficiency upgrades.¹⁷

DESC further commits to initiate a stakeholder process within ninety (90) days after the Commission issues a final order approving the terms of this Settlement Agreement to examine an electricity affordability program for DESC's low-income customers and address the need for legislation to implement such a program.¹⁸

¹³ *Id.*

¹⁴ *Id.* at ¶ 13.

¹⁵ *Id.* at ¶ 14.

¹⁶ *Id.*

¹⁷ *Id.* at ¶ 20.

¹⁸ *Id.* at ¶ 21.

In addition, DESC agrees to reduce 2019 Test Year expenses by \$766,000 related to certain V.C. Summer Units 2 and 3 metered accounts being transferred to Santee Cooper, and to reduce the proposed increase to the Major Maintenance Accrual by \$4.3 million related to recent reductions to turbine maintenance contracts at the Company's Jasper Station and Columbia Energy Center. The Company agrees to file public quarterly reports on the capital expenditures at the following three coal plants: Wateree, Williams, and Cope until the new Commission-ordered coal retirement studies are complete.¹⁹

The complete Settlement Agreement with attachments is attached as Order Exhibit No. 1 and is incorporated by reference.

IV. OUTSTANDING MOTIONS

As a result of the comprehensive Settlement Agreement, the Commission finds that all outstanding Motions are moot.

V. STATUTORY STANDARDS AND REQUIRED FINDINGS

The evidence supporting the Company's business and legal status is contained in its Application, testimony, and in prior Commission Orders in the docket files of the Commission, of which the Commission takes judicial notice. The Company is a corporation duly organized and existing under the laws of the State of South Carolina engaged in the business of generating, transmitting, distributing, and providing electricity to public and private energy users for compensation. DESC is a public utility under the laws of the State of South Carolina, and it is subject to the Commission's jurisdiction with

¹⁹ *Id.* at ¶ 24.

respect to its rates, charges, tariffs, and terms and conditions of service as generally provided in S.C. Code Ann. Sections 58-27-10 *et seq.* See Application ¶¶ 2, 3.

The Company's current rates and charges (excluding changes in the fuel component and recovery relating to demand-side management and energy efficiency programs and other rider-based charges) were approved in Commission Order No. 2012-951 in Docket No. 2012-218-E. *Id.* at ¶ 6. Pursuant to Order No. 2018-804(A), the Test Year for purposes of this Application is the twelve-month period ending December 31, 2019. *Id.* at ¶ 9.

The Application, testimony, exhibits, affidavits of publication, and public notices submitted by the Company comply with the procedural requirements of the South Carolina Code of Laws and the Regulations promulgated by this Commission.

These findings of fact are informational, procedural, and jurisdictional in nature, and the matters that these findings of fact involve are not contested by any party.

South Carolina Code Ann. § 58-27-810 provides, “[e]very rate demanded or received by any electrical utility . . . shall be just and reasonable.” The Commission must determine a fair rate of return that the utility should be allowed the opportunity to earn after recovery of the expenses of utility operations. The legal standards for this determination are set forth in *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591, 602-03 (1944) (“*Hope*”), and *Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923) (“*Bluefield*”).

Bluefield holds that:

What annual rate will constitute just compensation depends upon many circumstances, and must be determined by the exercise of a fair and enlightened judgment, having regard to all relevant facts. A public utility is entitled to such rates as will permit it to earn a return on the value of the property

which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time and become too high or too low by changes affecting the opportunities for investment, the money market and business conditions generally.

Bluefield, 262 U.S. at 692-93.

This Commission and the South Carolina courts have consistently applied the principles set forth in *Bluefield* and *Hope*. In *Southern Bell Tel. & Tel. Co. v. Pub. Serv. Comm'n*, 270 S.C. 590, 596 (1978) (“*Southern Bell*”), the South Carolina Supreme Court, quoting *Hope*, held: “Under the statutory standard of ‘just and reasonable’ it is the result reached not the method employed which is controlling...The ratemaking process under the Act, i.e., the fixing of ‘just and reasonable’ rates, involves the balancing of investor and the consumer interests.” *Id.*, 270 S.C. at 596-97, S.E.2d at 281 (quoting 320 U.S. at 602-03).

This Commission must exercise its dual responsibility of permitting utilities an opportunity to earn a reasonable return on the property it has devoted to serving the public, on the one hand, and protecting customers from rates that are so excessive as to be unjust or unreasonable, on the other, by “(a) Not depriving investors of the opportunity to earn reasonable returns on the funds devoted to such use as that would constitute a taking of private property without just compensation[, and] (b) Not permitting rates which are

excessive.” *Southern Bell*, 270 S.C. at 605, 244 S.E.2d at 286 (Ness, J. concurring and dissenting). Ultimately, this balancing act takes place within the context of a utility setting forth proposed rates—pursuant to Title 58, Chapter 27, Article 7 of the S.C. Code of Laws—for the exclusive purpose of the utility receiving revenue sufficient to yield a reasonable return.

Additionally, the Commission’s determination of a fair rate of return must be documented fully in its findings of fact and based exclusively on reliable, probative, and substantial evidence on the whole record. *Porter v. S.C. Pub. Serv. Comm’n*, 332 S.C. 93, 93, 504 S.E.2d 320, 323 (1998). Practically, although the burden of proof in showing the reasonableness of a utility’s costs that underlie its request to adjust rates ultimately rests with the utility, the South Carolina Supreme Court has concluded that the utility is entitled to a presumption that its expenses are reasonable and were incurred in good faith. *Hamm v. S.C. Pub. Serv. Comm’n*, 309 S.C. 282, 286, 422 S.E.2d 110, 112 (1992) (internal citations omitted). Nevertheless, “if an investigation initiated by ORS or by the PSC yields evidence that overcomes the presumption of reasonableness, a utility must further substantiate its claimed expenditures.” *Utils. Servs. of S.C., Inc. v. S.C. Office of Regulatory Staff*, 392 S.C. 96, 110, 708 S.E.2d 755, 762–63 (2011).

The object of using test year figures is to reflect typical conditions. The Company has the benefit of choosing its test year. Where an unusual situation indicates that the test year figures are atypical, the Commission should adjust the test year data. *Parker v. S.C. Pub. Serv. Comm’n*, 280 S.C. 310, 312, 313 S.E.2d 290, 292 (1984).

The Commission’s Findings of Facts and Conclusions reflect and apply these standards.

VI. REVIEW OF THE EVIDENCE AND EVIDENTIARY CONCLUSIONS

A. Cost of Capital

1. Return on Equity

a) SCDCA Position

Before the Settlement Agreement was reached, witness Rothschild concluded the Company's cost of equity should be between 8.19% and 9.07% and recommended the midpoint of 8.63%. (Rothschild Direct, p. 87, ll. 5-7).

A summary of my cost of capital recommendations for DESC's retail electric 6 service operations is presented in Table 1 below:

- An overall cost of capital of 7.55% (7.33% - 7.76%)²⁰
- A cost of equity of 8.63% (8.19% - 9.07%)
- A capital structure containing 50.00% common equity and 50.00% debt
- A debt cost rate of 6.46%

**TABLE 1: ALR RECOMMENDATION - DOMINION ENERGY SOUTH CAROLINA, INC.
Docket No. 2020-125-E**

	Capital Structure Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	50.00%	6.46%	3.23%
Common Equity	50.00%	8.63%	4.32%
Rate of Return	100.00%		7.55%

(Rothschild Direct, p. 3, ll. 1-7; Rothschild Exhibit ALR-2). Rothschild applied the Discounted Cash Flow Model (DCF), including a Constant Growth and a Non-Constant

²⁰ Using Dr. Vander Weide's capital structure of 53.35% common equity would result in a cost of capital of 7.25% to 7.72%.

Growth method, to a proxy group of 36 publicly traded electric utility companies (Electric Proxy Group) using data available through September 30, 2020, to arrive at his recommendation. (Rothschild Direct, p. 3, ll. 8-14).

TABLE 2: COST OF EQUITY MODEL RESULTS		
DCF	Low	High
Constant Growth	7.94%	8.00%
Non-Constant Growth	8.66%	8.87%
CAPM		
80.0% Market Confidence Level		
Risk Free Rate - 3-Month T Bill	8.10%	9.79%
Risk Free Rate - 30-Yr T Bond	8.61%	10.12%
Average	8.33%	9.20%

(Rothschild Exhibit ALR-3). Witness Rothschild also used a Capital Asset Pricing Model (CAPM) analysis as a check on the reasonableness of the DCF indicated results. (Rothschild Direct, p. 3, ll. 14-15). Witness Rothschild determined the cost of equity for the average company in his Electric Proxy Group to be between 8.33% and 9.20%. (Rothschild Direct, p. 4, ll. 10-11). As shown in Table 2 above, the high-end results of Rothschild's cost of equity models range between 8.00% and 10.12%, averaging 9.20%. (Rothschild Direct, p. 4, ll. 11-12). The low-end results of Rothschild's cost of equity models, including four variations of the CAPM, range between 7.94% and 8.66%, averaging 8.33%. (Rothschild Direct, p. 4, ll. 12-14). According to witness Rothschild, his analysis focuses on using market data (*e.g.* stock prices, bond yields, stock option prices) to measure investors' expectations as much as possible, whereas witness Vander Weide relies almost exclusively on out-of-date historical stock price returns and non-

market data, including economists' interest rate forecasts and analysts' earnings forecasts. (Rothschild Direct, p 7, ll. 2-7).²¹

b) DESC Position

Before the Settlement Agreement was reached, DESC witness Vander Weide recommended a 10.4% rate of return on equity for the Company by applying several standard cost of equity estimation techniques, including the DCF model, the *ex ante* risk premium approach, the *ex post* risk premium approach, the CAPM, and the comparable earnings method to a broad group of companies of comparable business risk. (Vander Weide Direct, p. 5, ll. 11-14; Tr. p. 340.5, ll. 11-14).

The CAPM is an equilibrium model of the security markets in which the expected or required return on a given security is equal to the risk-free rate of interest, plus the company equity "beta," times the market risk premium:

$$\text{Cost of equity} = \text{Risk-free rate} + \text{Equity beta} \times \text{Market risk premium}$$

The risk-free rate in this equation is the expected rate of return on a risk-free government security, the equity beta is a measure of the company's risk relative to the market as a whole, and the market risk premium is the premium investors require to invest in the market basket of all securities compared to the risk-free security.

(Vander Weide Direct, p. 37, ll. 9-146; Tr. p. 340.37, ll. 9-16). Witness Vander Weide concluded that the market cost of equity for his comparable electric utility group is in the range 9.0% to 10.7%, with an average equal to 9.8%. (Vander Weide Direct, p. 44, ll. 20-22; Tr. p. 340.44, ll. 20-22).

²¹ Witness Rothschild testifies that he and Vander Weide recommend a different cost of equity for Dominion because they each have a fundamentally different analytical approach. Rothschild focuses on using market data, while Vander Weide relies almost exclusively on historical stock price returns and non-market data.

COST OF EQUITY MODEL RESULTS

COST OF EQUITY MODEL	MODEL RESULT
Discounted Cash Flow	9.3%
Ex Ante Risk Premium	10.1%
Ex Post Risk Premium	9.0%
CAPM – Historical	9.4%
CAPM – Forward looking	10.7%
Comparable Earnings	10.1%
Average	9.8%

(Vander Weide Direct, p. 45; Tr. p. 340.45). Witness Vander Weide testified that he adjusted the 9.8% average cost of equity for a risk premium. His analysis indicates that the Company requires an allowed rate of return on book equity equal to 10.4% to have an opportunity to earn the 9.8% required return on the market value of equity of his proxy group. (Vander Weide Direct, p. 47, ll. 11-15; Tr. p. 340.47, ll. 11-15).

CALCULATION OF REQUIRED RETURN ON BOOK EQUITY MARKET VALUE EQUITY RATIO EQUAL TO 60 PERCENT

Market Weighted Average Cost of Capital			
Capital Source	% of Total	After-tax Cost Rate	Weighted Cost
Total Debt	40%	5.10%	2.04%
Common Equity	60%	9.8%	5.88%
Total	100%		7.92%
Weighted Cost of Debt			
Capital Source	% of Total	After-tax Cost Rate	Weighted Cost
Long-term Debt	46.65%	5.10%	2.38%
Cost of Equity Required to Achieve Equivalent WACC			
(1) Market Weighted Cost of Capital	7.92%		
(2) Weighted Cost of Long-term Debt	2.38%		
(1) Less (2)	5.54%		
Cost of Equity (5.54 ÷ 53.35% = 10.4%)	10.4%		
Capital Source	% of Total	After-tax Cost Rate	Weighted Cost
Long-term Debt	46.65%	5.10%	2.38%
Common Equity	53.35%	10.4%	5.54%
Total	100%		7.92%
Notes:			
	Before-tax Cost	After-tax Cost	Source
Tax rate	21%		
Long-term debt cost rate	6.46%	5.10%	Company
Cost of equity	9.8%		Cost of equity proxy group
Adjusted cost of equity:	10.4%		

Hearing Exhibit 15 (Vander Weide Direct Exhibit JVW-2).

According to witness Vander Weide, DESC's recommended rate making capital structure in this proceeding contains 46.65% debt and 53.35% common equity, whereas the average market value capital structure for his proxy group is approximately 40% debt and 60% common equity. (Vander Weide Direct, p. 6, ll. 22-25; p. 46, ll. 12-16; Tr. p. 340.6, ll. 22-25; p. 340.46, ll. 12-16). Accordingly, witness Vander Weide testified that the financial risk of DESC as reflected in its recommended rate making capital structure is greater than the financial risk embedded in the cost of equity estimates for his proxy companies. (Vander Weide Direct, p. 6, ll. 28-30; Tr. p. 340.6, ll. 28-30).

Regarding his DCF analysis, witness Vander Weide derived an average DCF result of 9.3% for his electric utility group. (Vander Weide Direct, p. 30, ll. 28-29; Tr. p. 340.30, ll. 28-29).

**SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS
FOR ELECTRIC UTILITIES**

	COMPANY	MOST RECENT QUARTERLY DIVIDEND (d ₀)	STOCK PRICE (P ₀)	FORECAST OF FUTURE EARNINGS GROWTH	DCF MODEL RESULT
1	ALLETE	0.618	58.588	7.00%	11.8%
2	Alliant Energy	0.380	47.992	5.30%	8.8%
3	Amer. Elec. Power	0.700	81.226	6.20%	10.15%
4	Ameren Corp.	0.495	72.523	5.90%	9.0%
5	AVANGRID, Inc.	0.440	43.259	6.30%	11.0%
6	Avista Corp.	0.405	41.114	6.10%	10.6%
7	Black Hills	0.535	62.312	5.84%	9.75%
8	CMS Energy Corp.	0.408	57.395	7.29%	10.5%
9	Consol. Edison	0.765	78.273	2.65%	6.9%
10	Dominion Energy	0.940	76.167	4.89%	10.4%
11	DTE Energy	1.013	98.442	5.96%	10.6%
12	Duke Energy	0.945	83.082	4.12%	9.3%
13	Edison Int'l	0.638	56.522	3.00%	7.9%
14	Entergy Corp.	0.930	98.057	5.70%	10.1%
15	Evergy, Inc.	0.505	57.865	3.90%	7.8%
16	Eversource Energy	0.568	80.885	5.73%	8.9%
17	Fortis Inc.	0.478	51.957	4.85%	9.0%
18	Hawaiian Elec.	0.330	41.493	3.30%	6.8%
19	MGE Energy	0.353	63.998	4.00%	6.5%
20	NextEra Energy	1.400	233.401	8.01%	10.7%
21	NorthWestern Corp.	0.600	59.086	3.79%	8.2%
22	OGE Energy	0.388	30.728	2.40%	7.9%
23	Otter Tail Corp.	0.370	42.336	9.00%	13.1%
24	Pinnacle West Capital	0.783	76.832	4.86%	9.4%
25	PNM Resources	0.308	39.525	5.65%	9.1%
26	Portland General	0.385	47.108	4.15%	7.8%
27	PPL Corp.	0.415	25.295	2.90%	10.2%
28	Public Serv. Enterprise	0.490	47.010	3.70%	8.2%
29	Sempra Energy	1.045	118.862	4.20%	7.9%
30	Southern Co.	0.640	55.223	4.35%	9.5%
31	WEC Energy Group	0.633	88.758	5.90%	9.1%
32	Xcel Energy Inc.	0.430	60.506	6.00%	9.1%
33	Average				9.3%

Hearing Exhibit 15 (Vander Weide Direct Exhibit JVW-4). Witness Vander Weide included a 5% allowance for flotation costs because all firms that have sold securities in the capital markets have incurred some level of flotation costs. (Vander Weide Direct, p. 29, ll. 3, 6-8; Tr. p. 340.29, ll. 3, 6-8).

Witness Vander Weide used two methods to estimate the required risk premium on an equity investment in electric utilities: the *ex ante* risk premium method and the *ex post* risk premium method. (Vander Weide Direct, p. 32, ll. 4-6; Tr. p. 340.32, ll. 4-6). Witness Vander Weide estimated the cost of equity using the *ex ante* risk premium method, by

adding the estimated risk premium over the yield on A-rated utility bonds to the forecasted or expected yield to maturity on A-rated utility bonds. (Vander Weide Direct, p. 33, ll. 7-9; Tr. p. 340.33, ll. 7-9). According to witness Vander Weide, adding an estimated risk premium of 5.64% to the expected 4.43% yield to maturity on A-rated utility bonds produces a cost of equity estimate of 10.1%. (Vander Weide Direct, p. 33, ll. 13-15; Tr. p. 340.33, ll. 13-15).

Witness Vander Weide stated that investors today require an equity return of at least 4.0% to 4.7% above the expected yield on A-rated utility bonds. (Vander Weide Direct, p. 36, ll. 27-28; Tr. p. 340.36, ll. 27-28). Accordingly, he added 4.0% to 4.7% risk premium to the 4.43% yield on A-rated utility bonds and obtained an expected return on equity in the range 8.4% to 9.1% with a midpoint estimate equal to 8.8%. (Vander Weide Direct, p. 36, ll. 28-29, p. 37, ll. 1-3; Tr. p. 340.36, ll. 28-29, p. 340.37, ll. 1-3). Witness Vander Weide next added a 20-basis point allowance for flotation costs and obtained an estimate of 9.0% as the *ex post* risk premium cost of equity. (Vander Weide Direct, p. 37, ll. 3-5; Tr. p. 340.37, ll. 3-5).

For his CAPM analysis, witness Vander Weide used a risk-free rate equal to 2.84%, an electric utility beta equal to 0.87, a risk premium on the market portfolio equal to 7.2%, and a flotation cost allowance equal to 20 basis points, to obtain a historical CAPM estimate of the cost of equity equal to 9.3% for his electric utility group. (Vander Weide Direct, p. 41, ll. 12-15; Tr. p. 340.41, ll. 12-15). Witness Vander Weide obtained a historical CAPM result equal to 9.5% using a risk-free rate equal to 2.84%, a beta equal to 0.89, the historical market risk premium equal to 7.2%, and a flotation cost allowance of 20 basis points. (Vander Weide Direct, p. 41, ll. 19-21; Tr. p. 340.41, ll. 19-21). Witness Vander Weide

testified that he used the average of his two historical CAPM results of 9.4 as his estimate of the historical CAPM cost of equity. (Vander Weide Direct, p. 41, ll. 24-25; Tr. p. 340.41, ll. 24-25). Using a forward looking CAPM, witness Vander Weide obtained a risk premium on the market portfolio equal to 8.7%. (Vander Weide Direct, p. 42, l. 13; Tr. p. 340.42, l. 13). Then, using a risk-free rate of 2.8%, an electric utility beta of 0.87, a risk premium on the market portfolio of 8.7%, and a flotation cost allowance of 20 basis points, he obtained a forward-looking CAPM result of 10.6% for his electric utility group. (Vander Weide Direct, p. 42, ll. 19-21; Tr. p. 340.42, ll. 19-21).

**CALCULATION OF CAPITAL ASSET PRICING MODEL COST OF EQUITY
USING AN HISTORICAL RISK PREMIUM**

LINE	COMPANY	VALUE LINE BETA	RISK- FREE RATE	MARKET RISK PREMIUM	BETA X RISK PREMIUM	CAPM COST OF EQUITY
1	ALLETE	0.85	2.84%	7.2%	6.1%	9.2%
2	Alliant Energy	0.80	2.84%	7.2%	5.8%	8.8%
3	Amcr. Elec. Power	0.75	2.84%	7.2%	5.4%	8.5%
4	Ameren Corp.	0.80	2.84%	7.2%	5.8%	8.8%
5	CenterPoint Energy	1.15	2.84%	7.2%	8.3%	11.3%
6	CMS Energy Corp.	0.80	2.84%	7.2%	5.8%	8.8%
7	DTE Energy	0.90	2.84%	7.2%	6.5%	9.5%
8	Entergy Corp.	0.95	2.84%	7.2%	6.8%	9.9%
9	Evergy	1.05	2.84%	7.2%	7.6%	10.6%
10	Fortis Inc.	0.80	2.84%	7.2%	5.8%	8.8%
11	MGE Energy	0.70	2.84%	7.2%	5.0%	8.1%
12	OGE Energy	1.05	2.84%	7.2%	7.6%	10.6%
13	Otter Tail Corp.	0.85	2.84%	7.2%	6.1%	9.2%
14	WEC Energy Group	0.80	2.84%	7.2%	5.8%	8.8%
15	AVANGRID, Inc.	0.80	2.84%	7.2%	5.8%	8.8%
16	Consol. Edison	0.75	2.84%	7.2%	5.4%	8.5%
17	Dominion Energy	0.80	2.84%	7.2%	5.8%	8.8%
18	Duke Energy	0.85	2.84%	7.2%	6.1%	9.2%
19	Eversource Energy	0.90	2.84%	7.2%	6.5%	9.5%
20	Exelon Corp.	0.90	2.84%	7.2%	6.5%	9.5%
21	FirstEnergy Corp.	0.85	2.84%	7.2%	6.1%	9.2%
22	NextEra Energy	0.85	2.84%	7.2%	6.1%	9.2%
23	PPL Corp.	1.05	2.84%	7.2%	7.6%	10.6%
24	Public Serv. Enterprise	0.90	2.84%	7.2%	6.5%	9.5%
25	Southern Co.	0.90	2.84%	7.2%	6.5%	9.5%
26	Avista Corp.	0.95	2.84%	7.2%	6.8%	9.9%
27	Black Hills	1.00	2.84%	7.2%	7.2%	10.3%
28	Edison Int'l	0.90	2.84%	7.2%	6.5%	9.5%
29	Hawaiian Elec.	0.80	2.84%	7.2%	5.8%	8.8%
30	IDACORP, Inc.	0.80	2.84%	7.2%	5.8%	8.8%
31	NorthWestern Corp.	0.90	2.84%	7.2%	6.5%	9.5%
32	Pinnacle West Capital	0.85	2.84%	7.2%	6.1%	9.2%
33	PNM Resources	0.90	2.84%	7.2%	6.5%	9.5%
34	Portland General	0.85	2.84%	7.2%	6.1%	9.2%
35	Sempra Energy	0.95	2.84%	7.2%	6.8%	9.9%
36	Xcel Energy Inc.	0.75	2.84%	7.2%	5.4%	8.5%
37	Cost of Equity 0.87 Beta	0.87	2.84%	7.2%	6.3%	9.3%
38	Cost of Equity 0.89 Beta	0.89	2.84%	7.2%	6.4%	9.5%
39	Average Historical CAPM Cost of Equity					9.4%

See, Hearing Exhibit 15 (Vander Weide Direct Exhibit JVW-13).

Using the Comparable Earnings Method, witness Vander Weide concluded that the average expected rate of return on book equity for this large group of comparable-risk utilities is 10.1%. (Vander Weide Direct, p. 44, ll. 5-6; Tr. p. 340.44, ll. 5-6).

COMPARABLE EARNINGS VALUE LINE ELECTRIC UTILITIES

	COMPANY	AVERAGE FORECAST ROE 2020 TO 2023-2025	ADJUSTMENT FACTOR	FORECASTED RETURN ON AVERAGE EQUITY
1	ALLETE	7.3%	1.0228	7.5%
2	Alliant Energy	10.3%	1.0150	10.5%
3	Amer. Elec. Power	10.5%	1.0305	10.8%
4	Ameren Corp.	9.7%	1.0393	10.0%
5	AVANGRID Inc.	4.8%	1.0067	4.9%
6	Avista Corp.	7.2%	1.0203	7.3%
7	Black Hills	8.8%	1.0246	9.1%
8	CenterPoint Energy	11.8%	1.0407	12.3%
9	CMS Energy Corp.	13.5%	1.0417	14.1%
10	Consol. Edison	7.8%	1.0245	8.0%
11	Dominion Energy	11.8%	1.0164	12.0%
12	DTE Energy	10.3%	1.0311	10.7%
13	Duke Energy	8.0%	1.0214	8.2%
14	Edison Int'l	10.3%	1.0347	10.7%
15	Entergy Corp.	10.3%	1.0265	10.6%
16	Eversource Energy	7.5%	1.0097	7.6%
17	Eversource Energy	9.2%	1.0320	9.5%
18	Exelon Corp.	8.3%	1.0211	8.5%
19	FirstEnergy Corp.	16.2%	1.0532	17.0%
20	Fortis Inc.	6.5%	1.0197	6.6%
21	Hawaiian Elec.	9.0%	1.0226	9.2%
22	IDACORP Inc.	9.0%	1.0163	9.1%
23	MGE Energy	9.5%	1.0300	9.8%
24	NextEra Energy	11.3%	1.0295	11.7%
25	NorthWestern Corp.	8.5%	1.0179	8.7%
26	OGE Energy	12.0%	1.0015	12.0%
27	Otter Tail Corp.	10.5%	1.0227	10.7%
28	Pinnacle West Capital	10.0%	1.0233	10.2%
29	PNM Resources	8.5%	1.0464	8.9%
30	Portland General	8.7%	1.0155	8.8%
31	PPL Corp.	13.0%	1.0250	13.3%
32	Public Serv. Enterprise	10.8%	0.9943	10.8%
33	Sempra Energy	10.2%	1.0529	10.7%
34	Southern Co.	12.0%	1.0192	12.2%
35	WEC Energy Group	11.8%	1.0174	12.0%
36	Xcel Energy Inc.	10.3%	1.0306	10.6%
37	Average			10.1%

See, Hearing Exhibit 15 (Vander Weide Direct Exhibit JVW-15).

Based on his analyses, witness Vander Weide recommended a 10.4% ROE.
(Vander Weide Direct, p. 48, l. 15; Tr. p. 340.48, l. 15). DESC requested a 10.25% percent
ROE. (Application ¶ 32.)

c) DoD-FEA Position

Before the Settlement Agreement was reached, DoD-FEA witness Zhu testified that DESC's requested ROE of 10.25%, or 10.4% as recommended by witness Vander Weide, were both too high and unsupported by economic and capital market conditions. (Zhu Direct, p. 4, ll. 19-21). Witness Zhu asserts that he provides a critical review of the Company's witness Dr. Vander Weide's ROE methodologies and results. (Zhu Direct, p. 3, ll. 8-21). Witness Zhu asserted that witness Vander Weide made problematic assumptions and had several issues with the methodologies that witness Vander Weide used to estimate a cost of equity. (Zhu Direct, p. 4, ll. 21-23). Based on witness Zhu's calculations from several financial models including the DCF, CAPM and RP, witness Zhu recommends an ROE of 9.1%. (Zhu Direct, p. 5, ll. 7-9).

Table 1: Summary of ROE				
Model	DCF	CAPM	Risk Premium	Average
Lower End	5.55%	6.14%		5.85%
Upper End	12.46%	11.87%		12.16%
Median	8.57%	9.48%		9.03%
Average	8.57%	9.72%	8.73%	9.00%
Midpoint	9.01%	9.01%		9.01%

(Zhu Direct, p. 5, ll. 14-15). Witness Zhu further testified that "[t]he purpose of a rate of return, also commonly called a 'cost of capital' or 'opportunity cost of capital,' is to compensate investors who have committed capital to finance necessary plant and equipment for utility service to customers. Investors commit these funds in anticipation of earning a return on their investment that is consistent with that of other investment alternatives with comparable risks." (Zhu Direct, p. 7, ll. 8-15).

Witness Zhu's calculations indicate that the Company's required cost of equity, or the opportunity cost of equity, is much lower than the Company's request of 10.25% in its Application. As provided in Table 1 above, Witness Zhu makes a ROE recommendation of 9.1%.

This recommendation is based on my calculations from several financial models including the DCF, CAPM and RP models. Table 1 below provides a summary of my model results. These models generated median estimates between 8.57% and 9.48%, with the overall mean ROE of 9.0% from all three models, an average median of 9.03% based on the DCF and CAPM models, and a midpoint of DCF and CAPM estimates 9.01%.

(Zhu Direct, p. 5, ll. 5-13). Basing his analysis of capital structure on the Company's test year capital structure and on comparable companies, Witness Zhu recommended the use of the Company's actual equity ratio at the end of the test year 2019, which is 52.56% - 47.44% equity-debt structure. Given the capital structure, cost of debt, and cost of equity, Witness Zhu recommended overall cost of capital is 7.85%. (Zhu Direct, p. 6, ll. 2-7).

Table 2 below shows the summary of overall cost of capital:

Table 2: Overall Cost of Capital			
	Ratio	Cost	Weighted Average Cost of Capital
Debt	47.44%	6.46%	3.06%
Equity	52.56%	9.10%	4.78%
Total	100%		7.85%

Capital structure as of Dec 31, 2019

(Zhu Direct, p. 6, ll. 8-9).

Based on witness Zhu's DCF models, he obtained the median and mean cost of equity of 8.57% based on the Zhu proxy group. (Zhu Direct, p. 35, ll. 17-18). Witness Zhu also calculated the ROE based on his methodology applied to the Vander Weide sample. The result is shown in Table 3 below. The Vander Weide proxy group essentially generated the same ROE numbers, which was expected since the Zhu and Vander Weide proxy groups are sufficiently close to each other. (Zhu Direct, p. 35, ll. 18-21).

Table 3: DCF ROE results						
	Zhu Sample			Vander Weide Sample		
	Two- Step	One- Step	Average	Two- Step	One- Step	Average
Lower End	5.81%	5.29%	5.55%	5.81%	5.29%	5.55%
Upper End	11.97%	12.95%	12.46%	11.97%	12.95%	12.46%
Median	8.40%	8.74%	8.57%	8.36%	8.62%	8.49%
Average	8.49%	8.65%	8.57%	8.48%	8.64%	8.56%
Midpoint	8.89%	9.12%	9.01%	8.89%	9.12%	9.01%

(Zhu Direct, p. 36, l. 1).

Witness Zhu testified that due to capital market condition changes in recent years and the fact that DESC faces similar risks to its peer group companies, there is strong reason to believe that the just and reasonable ROE is below 10.4% and within his calculated range. (Zhu Direct, p. 44, ll. 2-6). Witness Zhu's overall calculation of the ROE is shown in Table 5 below:

Table 5: Summary of Expected ROE Analysis					
	DCF			CAPM	Risk Premium
	V1	V2	Average		
Lower End	5.81%	5.29%	5.55%	6.14%	
Upper End	11.97%	12.95%	12.46%	11.87%	
Median	8.40%	8.74%	8.57%	9.48%	
Average	8.49%	8.65%	8.57%	9.72%	8.73%
Midpoint	8.89%	9.12%	9.01%	9.01%	
Midpoint of Absolute High and Low				9.38%	
Midpoint of three models (DCF, CAPM, RP)				9.14%	
Average of three models (DCF, CAPM, RP)				9.00%	

(Zhu Direct, p. 43, ll. 13-14). As shown in Table 5 above, the median ROE ranges from 8.57% to 9.48%, the average ROE of three models is 9.00%, and the midpoint of three models (DCF, CAPM and RP) is 9.14%. These values are substantially lower than DESC Witness Dr. Vander Weide's recommended value of 10.4%. (Zhu Direct, p. 43, l. 15 – p. 44, l. 2). Witness Zhu recommend an ROE of 9.1%, after proforma adjustments. (Zhu Direct, p. 44, ll. 6-7). Using an ROE of 9.1%, an embedded cost of debt of 6.46%, and a capital structure of 52.86% debt and 47.44% equity, Witness Zhu's recommended cost of capital is 7.85%. (Zhu Direct, p. 44, ll. 9-10).

d) ORS Position

Prior to the Settlement Agreement being reached, ORS witness Woolridge recommended an ROE of 8.9% for DESC, after proforma adjustments. (Woolridge Revised Direct, p. 7, ll. 20-21). To estimate an equity cost rate for the Company, witness Woolridge applied the DCF and the CAPM to his proxy group of electric utility companies (Electric Proxy Group) and to Witness Vander Weide's proxy group. (Woolridge Revised Direct, p. 7, ll. 16-18; p. 57, ll. 2-8). See, Table 4.

Table 4
ROEs Derived from DCF and CAPM Models

	DCF	CAPM
Electric Proxy Group	8.90%	7.60%
Vander Weide Proxy Group	8.85%	7.60%

(Woolridge Revised Direct, p. 57, ll. 8-9 (Table 4)). ORS witness Woolridge’s DCF and CAPM analyses indicate an equity cost rate range of 7.60% to 8.90%. (Woolridge Revised Direct, p. 7, ll. 18-19; p. 57, ll. 11-12); See, Table 4 above; Hearing Exhibit Woolridge Revised Direct Exhibit JRW-5. Relying primarily on the DCF approach, witness Woolridge recommend a ROE of 8.90%²² for DESC and, after applying his capital structure ratios, and the adjusted debt cost rate, his overall rate of return or cost of capital recommendation is 7.23% for DESC. (Woolridge Revised Direct, p. 7, l. 22 – p. 8, l. 4).

ORS’ Rate of Return Recommendation

Capital Source	Capitalization Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	50.00%	5.56%	2.78%
Preferred Stock	0.00%	0.00%	0.00%
Common Equity	50.00%	8.90%	4.45%
Total Capital	100.00%		7.23%

e) Walmart Position

Before the Settlement Agreement was reached, witness Perry testified that “[s]ince 2017 the Commission has issued Orders with stated ROEs in two electrical base rate cases,

²² Witness Woolridge testified that he used the upper end of the range (i.e., 7.60% to 8.90%) for the Electric Proxy Group since he relied primarily on the DCF model and since DESC issuer credit ratings indicate that DESC’s risk is at the high end of the proxy groups. (Woolridge Revised Direct, p. 57, ll. 11-15).

with the average of the ROEs approved equal to 9.50%.”²³ (Perry Direct, p. 8, ll. 4-5; Perry Direct Exhibit LVP-2). Witness Perry also cited data from S&P Global Market Intelligence (S&P Global), a financial news and reporting company, that the average of the 138 reported electric utility rate case ROEs authorized by commissions to investor-owned utilities in 2017, 2018, 2019, and so far in 2020, is 9.59%. (Perry Direct, p. 8, ll. 20-23).

Witness Perry also explained the revenue requirement impact associated with the ROE. For example, “if the Commission were to approve an ROE for DESC of 9.56 percent, versus the Company's proposal of 10.25 percent, it would result in a reduction in the Company's proposed revenue requirement, inclusive of taxes, of \$28.1 million.” (Perry Direct, p. 10, ll. 9-12; Perry Direct Exhibit LVP-3).

According to witness Perry, the average and median values are significantly below the Company's proposed ROE of 10.25%, and “the Company's proposed 10.25% ROE is counter to broader electric industry trends.” (Perry Direct, p. 9, ll. 2-4). Witness Perry further stated that “[t]he average ROE authorized for vertically integrated utilities in 2017 was 9.80 percent; in 2018, it was 9.68 percent; in 2019, it was 9.73 percent; and thus far in 2020, it is 9.56 percent.” (Perry Direct, p. 9, ll. 12-14). If DESC's proposed ROE of 10.25% were approved by the Commission, Witness Perry testified that it “would be equal to the fifth highest approved ROE for a vertically integrated utility from 2017 to present.” (Perry Direct, p. 9, ll. 16-17).

²³ Witness Perry testified that the Commission issued orders with an approved ROE of 9.5 percent in Docket No. 2018-318-E (Duke Energy Progress, LLC), Order 2019-341 (May 21, 2019); and Docket No. 2018-319-E (Duke Energy Carolinas, LLC), Order 2019-323 (May 21, 2019).

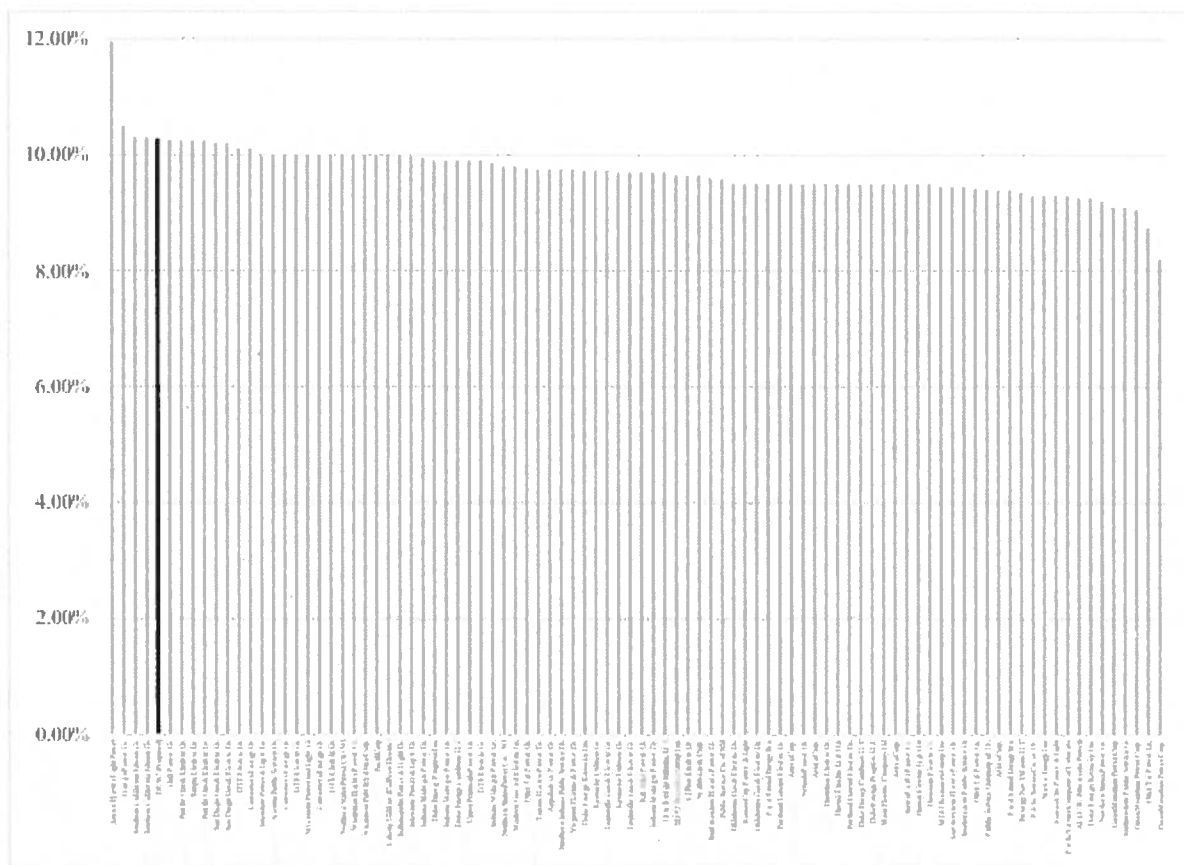


Figure 1. DESC's Proposed ROE Versus Authorized ROEs for Vertically Integrated Utilities, 2017 to present. Source: Exhibit LVP-2.

(Perry Direct, p. 10, l. 1; Perry Direct Exhibit LVP-2).

Witness Perry recommended that the Commission thoroughly and carefully consider the impact on customers in examining the requested ROE, in addition to all other facets of this case, to ensure that any increase in the Company's rates reflects the minimum amount necessary to compensate the Company for adequate and reliable service, while also providing DESC an opportunity to earn a reasonable return for its shareholders. (Perry Direct, p. 11, ll. 10-14).

f) Settlement Testimony and Agreement

Based on the Settlement Agreement, the parties agreed to an ROE of 9.50%, after proforma adjustments. Walmart witness Perry testified that 9.50% after proforma adjustments is a reasonable ROE for DESC, particularly given the Company's capital structure. (Perry Settlement Testimony, p. 4, ll. 10-11). Moreover, witness Perry testified that a 9.50% ROE would place the Company in the bottom half of ROEs awarded since 2018 to vertically integrated utilities, and below the national average. (Perry Settlement Testimony, p. 4, ll. 11-13). Also, Perry stated that a 9.50% ROE is consistent with the ROE awarded to Duke Energy Carolina, LLC and Duke Energy Progress, LLC by the Commission in 2019. (Perry Settlement Testimony, p. 4, ll. 13-14). Additionally, the Settlement Agreement also includes a stay-out provision whereby the Company agrees not to seek new rates (except where necessary due to unforeseen extraordinary economic or financial conditions) prior to July 1, 2023.²⁴ This negotiated stay-out provision places some risk on the Company and supports awarding the Company the 9.5% ROE requested in the Settlement Agreement. (Perry Settlement Testimony, p. 5, ll. 9-11).

Additionally, DoD-FEA witness Garrett testified that the settled cost of capital of a 9.50% ROE and a capital structure that includes 48.38% debt and 51.62% equity after proforma adjustments is a reasonable compromise in this case. (Garrett Settlement Testimony, p. 11, ll. 7-9).

No party opposes a 9.50% ROE and a capital structure of 48.38% debt and 51.62% equity. ORS Witness Hipp testified that "[t]he ORS fully supports the Comprehensive

²⁴ Hearing Exhibit No. 38, ¶ 13; Order Exhibit No. 1, ¶ 13.

Settlement Agreement which would not have been achieved without the Commission's authorization for additional time for the Settling Parties to negotiate. . . . If approved, customers will begin to receive the benefits as of September 1, 2021." (Hipp Settlement Testimony, p. 8, ll. 3-8).

g) Commission Finding

In *Bluefield*, the Supreme Court of the United States outlined the constitutional standards for determining an appropriate rate of return. In *Hope*, the Court reaffirmed these principles. These decisions hold that (1) a regulated public utility is entitled to rates that allow it the opportunity to earn a return on its invested capital that is equal to that being made at the same time and in the same general part of the country of other investments in business undertakings with similar risks and uncertainties; (2) the return should be such as to assure confidence in the financial soundness of the utility and adequate, under efficient and economic management, to maintain and support its credit and enable it to raise money necessary for proper discharge of its duties; and (3) the utility has no entitlement to the kinds of profits that may be realized in highly profitable enterprises.

The Commission is the fact finder in rate proceedings and must balance the interests of the using and consuming public with that of the utility appearing before it. Additionally, the Commission's determination of a fair rate of return must be based on reliable and probative evidence in the record. As a result, this Commission is bound by the parameters of evidence in the record, and it hereby carefully evaluates the evidence submitted in this case as to what ROE the Company should be authorized the opportunity to earn.

In this case, after consideration of the evidence on the whole record, the Commission concludes that it is just and reasonable and a fair balancing of the interests of

the Company and its customers to approve the ROE of 9.50% after proforma adjustments as set out in the Settlement Agreement. Before the Settlement Agreement was reached, witness Perry testified that since 2017 the Commission has issued Orders with stated ROEs in two electrical base rate cases, with the average of the ROEs approved equal to 9.50%. (*See Perry Direct*, p. 8, ll. 4-5). Witness Perry also cited data from S&P Global Market Intelligence (S&P Global), a financial news and reporting company, that the average of the 138 reported electric utility rate case ROEs authorized by commissions to investor-owned utilities in 2017, 2018, 2019, and so far in 2020, is 9.59%. (*Perry Direct*, p. 8, ll. 20-23). In addition, DoD-FEA witness Garrett testified that the settled cost of capital of a 9.50% ROE and a capital structure that includes 48.38% debt and 51.62% equity is a reasonable compromise in this case. (*Garrett Settlement Testimony*, p. 11, ll. 7-9).

All Settling Parties believe that an ROE of 9.50% is a reasonable compromise in this proceeding. An ROE of 9.50% is equal to the average ROE awarded to electric utilities in South Carolina since 2017, and is below the average of the 138 reported electric utility rate case ROEs authorized by commissions to investor-owned utilities in 2017, 2018, 2019, and 2020 (as of the time testimony was pre-filed in this case), which was 9.59%.

2. Cost of Debt

a) SCDCA Position

Witness Rothschild originally recommended a cost of debt of 6.46% after proforma adjustments. (*Rothschild Direct*, p. 8, l. 3). However, witness Rothschild had concerns that this cost of debt was significantly above the Company's current cost of debt. (*Rothschild Direct*, p. 13, ll. 3-4). Witness Rothschild agreed with the reasoning and position of ORS witness Kollen that the Company's increase in cost of debt to 6.46% from 5.56% after

proforma adjustments was a new nuclear development-related abandonment cost. (Rothschild Surrebuttal, p. 16, ll. 3-19, p. 17, ll. 1-4).

b) DESC Position

Before the Settlement Agreement was reached, DESC witness Griffin asserted that the actual cost of debt in the Test Year is the only relevant factor for determining the Company's cost of debt in this proceeding. (*See* Griffin, p. 5, ll. 1-19; Tr. V6 p. 288.5, ll. 1-19). Witness Griffin testified that the Company aimed to efficiently repurchase a substantial amount of bonds to allow it to rebalance the capital structure as required by Commission Order No. 2018-804(A) specifying that the equity percentage should be within the range of 50% to 55% to support strong investment-grade credit ratings for DESC and that these repurchases were reasonable and prudent. (Griffin, p. 4, ll. 10-16; Tr. V6 p. 288.4, ll. 10-16).

c) ORS Position

ORS witness Kollen recommended a cost of debt of 5.56%, after proforma adjustments (Kollen Direct, p. 5, ll. 1-3). Immediately after the merger closed in early 2019, the Company initiated the early redemptions of outstanding long-term debt issues that caused an increase in the weighted cost of long-term debt from 5.56% prior to the merger closing to the 6.46% requested in this proceeding. (Kollen Surrebuttal, p. 2, ll. 7-10). Witness Kollen asserted that the increase in the cost of long-term debt from 5.56% to 6.46% is an additional and previously undisclosed New Nuclear Development (NND) cost and should be disallowed on that basis because the Commission foreclosed recovery of additional NND costs through either the base revenue requirement or the CCR revenue requirement in Docket No. 2017-370-E. (Kollen Surrebuttal, p. 2, ll. 11-15). Additionally,

the increase in the cost of long-term debt should be considered either a merger transaction or transition cost, neither of which is allowed ratemaking recovery under the merger conditions to which the Company and Dominion Energy, Incorporated agreed and the Commission adopted in Docket No. 2017-370-E. (Kollen Surrebuttal, p. 2, ll. 22-23, p. 3, ll. 1-2).

d) SCEUC Position

According to witness O'Donnell, DESC requested a large increase in the embedded cost of debt in this proceeding as a direct result of the merger between SCANA and Dominion Energy. (*See* O'Donnell Direct, p. 21, ll. 2-8). Witness O'Donnell testified that Order No. 2018-804 established a merger condition that prevented incremental debt costs from being passed onto consumers in the current case and protected consumers by providing a cap on the embedded cost of debt equivalent to the debt costs that would have prevailed absent the merger. (O'Donnell Direct, p. 23, ll. 5-9). In quoting Commission Order No. 2018-804, witness O'Donnell testified that Dominion was well aware of this merger condition, and the former Commission's intent was to provide "reasonable and adequate protection for [South Carolina Electric & Gas Company] customers against any adverse impacts of the merger."²⁵ Accordingly, witness O'Donnell recommended that the current Commission reject the DESC request and set the cost of debt at 5.56%. (O'Donnell Direct, p. 24, ll. 11-14).

²⁵ Order No. 2018-804 (A), p. 104.

e) Settlement Agreement and Testimony

The Parties agree to the 5.56% cost of debt after proforma adjustments as proposed by witness Kollen.²⁶

f) Commission Finding

The Settlement Agreement adopted the 5.56% cost of debt after proforma adjustments recommended by ORS, SCEUC, and DCA.²⁷ The Commission is the fact finder in rate proceedings and must balance the interests of the using and consuming public with that of the utility appearing before it. Additionally, this Order must be based upon evidence in the whole record. As a result, this Commission is bound by the parameters of evidence in the record, and it hereby carefully evaluates the evidence submitted in this case as to what cost of debt DESC should be authorized. Additionally, the Settling Parties agreed to the cost of debt as proposed by witness Kollen and no party opposes the compromise position put forth by witness Kollen. After consideration of the evidence on the whole record, the Commission concludes that it is just and reasonable and a fair balancing of the interests of the Company and its customers to approve the cost of debt of 5.56% as set out in the Settlement Agreement.

²⁶ See Hearing Exhibit No. 38, ¶ 4; Order Exhibit No. 1, ¶ 4 which states, “[w]ithout prejudice to the position of any Party in future proceedings, the Parties agree to accept and adopt all recommendations, adjustments, and customer protections in the testimony and exhibits of ORS witnesses unless specifically modified by this Settlement Agreement.”

²⁷ Hearing Exhibit No. 38, ¶ 4; Order Exhibit No. 1, ¶ 4.

3. Capital Structure

a) SCDCA Position

Before the Settlement Agreement was reached, SCDCA witness Rothschild recommended that DESC's rates should be set based on a regulatory capital structure of no more than 50% common equity until Dominion Energy brings its common equity ratio more in line with the Commission's prior directive for DESC. (Rothschild Direct, p. 12, ll. 15-19). Witness Rothschild testified that the capital structure of Dominion Energy is important to consider in connection with the capital structure of DESC, that Dominion Energy is in the process of repurchasing \$3 billion of common stock, and that it is counterproductive to fortify the common equity ratio of DESC while Dominion Energy is reducing its common equity ratio. (See Rothschild Direct, pp. 11-12).

b) DESC Position

Before the Settlement Agreement was reached, witness Griffin testified to a proposed capital structure of the Company, as of May 30, 2020, as shown in Chart A, below:

Chart A – DESC Regulatory Capitalization Ratios for Electric Operations as of May 30, 2020

	Amount	Ratio	Embedded Costs	Weighted Average Cost of Capital
Long-Term Debt	\$3,355,787,000	46.65%	6.46%	3.01%
Preferred Stock	\$100,000	0.00%	0.00%	0.00%
Common Equity	<u>\$3,837,419,946</u>	<u>53.35%</u>	10.25%	<u>5.47%</u>
Total Capitalization	\$7,193,306,946	100.00%		8.48%

(Griffin, p. 10, ll. 4-8; Tr. V6 p. 281.10, ll. 4-8). DESC witness Fetter generally discussed the relationship between credit ratings and capital structure and testified that DESC's proposed capital structure is based on current and actual data and would better enable the Company to improve its credit ratings than alternative recommendations. (*See* Fetter, pp. 10-21; Tr. V7 pp. 74.10-74.21).

c) DoD-FEA Position

Before the Settlement Agreement was reached, witness Zhu testified that he did not agree with the Company's proposed capital structure because DESC did not apply the Test Year in developing its proposed capital structure. (Zhu Direct, p. 28, ll. 7-8). Witness Zhu noted that the Commission has previously recognized the importance of using a test year and testified that DESC has not specified any convincing reasons for not following the test year rule. (Zhu Direct, p. 28, ll. 8-22 (citing Order No. 2019-323 May 21, 2019, pp. 14-15)). According to witness Zhu, the more appropriate capital structure for DESC is 52.54% equity and 47.44% debt, which was the actual capital structure at the end of the Test Year. (Zhu Direct, p. 28, ll. 26-27).

d) ORS Position

Before the Settlement Agreement was reached, ORS witness Woolridge testified that DESC's proposed capitalization has more equity and less financial risk than the capitalizations of other electric utility companies and DESC's parent, Dominion Energy, as well as those approved by state regulatory commissions for electric utility companies. (Woolridge Revised Direct, p. 7, ll. 9-11). As a result, witness Woolridge recommended a capital structure with a common equity ratio of 50.0% as more reflective of the capital structures of electric utilities. (Woolridge Revised Direct, p. 7, ll. 11-13). Moreover,

according to witness Woolridge, this capital structure includes a common equity ratio that is about halfway between DESC's proposed capital structure of 53.65% and the average common equity ratios of DESC and Dominion Energy, as well as the two proxy groups. (Woolridge Revised Direct, p. 29, ll. 10-12).

In response to DESC witness Fetter's Rebuttal Testimony on capital structure, ORS witness Woolridge noted that witness Fetter provided general discussion on credit ratings and capital structure, but performed no studies, did not point to specific comments from credit reports to support his opinion that witness Woolridge's proposed capital structure was not appropriate, and otherwise failed to provide empirical evidence to support the Company's proposed capital structure. (*See* Woolridge Surrebuttal, p. 6, ll. 11-14).

e) Settlement Testimony and Agreement

The Settling Parties agreed to a capital structure of 48.38% debt and 51.62% equity.²⁸ Witness Garrett testified that a capital structure that includes 48.38% debt and 51.62% equity is a reasonable compromise in this case. (Garrett Settlement Testimony, p. 11, ll. 8-9).

f) Commission Finding

South Carolina law requires "[t]he determination of a fair rate of return must be documented fully in its findings of fact and based exclusively on reliable, probative, and substantial evidence on the whole record." *Porter*, 332 S.C. at 98, 504 S.E.2d at 323 (citing S.C. Code Ann. § 58-5-240). In making its decision, this Commission cannot make a

²⁸ Hearing Exhibit No. 38, ¶ 5; Order Exhibit No. 1, ¶

determination based upon surmise, conjecture, or speculation. *See Herndon v. Morgan Mills, Inc.*, 246 S.C. 201, 143 S.E.2d 376 (1965).

The Settlement Agreement adopted a capital structure that includes 48.38% debt and 51.62% equity. No party opposes this capital structure, and all Settling Parties support this capital structure within the context of the Settlement Agreement. This capital structure is within the range of capital structures included in the recommendations of the expert witnesses in this case. The Commission is the fact finder in rate proceedings and must balance the interests of the using and consuming public with that of the utility appearing before it. Additionally, this Order must be based upon the evidence in the record. After consideration of the evidence in the record, the Commission concludes that it is just and reasonable to approve a capital structure of 48.38% debt and 51.62% equity as set out in the Settlement Agreement. The Settlement Testimony of witness Garrett supports this conclusion. (Garrett Settlement Testimony, p. 11, ll. 8-9).

B. Cash Working Capital

1. DESC Position

Before the Settlement Agreement was reached, witness Kochems testified that, as previously recognized by this Commission, a lead-lag study is “extremely complex and expensive” and the Company’s “customers would ultimately pay the cost of” such a study. (Kochems, p. 8, ll. 2-6; Tr. V9 p. 221.8, ll. 2-6, *citing* Commission Order No. 96-15, pp. 25-26 (Jan. 9, 1996)). Additionally, witness Kochems testified that the Commission has previously determined that a “lead-lag study performed in [Docket No. 88-681-E] did not provide a better approximation of cash working capital needs than the one-eighth formula.” (Kochems, p. 9, ll. 14-16; Tr. V9 p. 221.9, ll. 14-16, *citing* Order No. 96-15, p. 25). Finally,

witness Kochems testified that a lead-lag study is a time-consuming process and cannot be performed during the application process. (Kochems, p. 9, ll. 19-21; Tr. V9 p. 221.9, ll. 19-21) Accordingly, witness Kochems testified that if the Commission concludes that a lead-lag study would be appropriate, the Company should only be required to implement this as part of the next general rate proceeding. (Kochems, p. 10, ll. 3-6; Tr. V9 p. 221.10, ll. 3-6).

2. DoD-FEA Position

Before the Settlement Agreement was reached, witness Mark Garrett testified that DESC is requesting \$111 million for cash working capital for the South Carolina retail jurisdiction using a 45-day lag for all revenues associated with its operating expense accounts, which is referred to as the 45-day formula approach or the 1/8 method. (Garrett Direct, p. 7, ll. 3-6). According to witness Mark Garrett, the 45-day formula is obsolete and has been abandoned by most public utility commissions. (Garrett Direct, p. 7, ll. 15-16). Witness Mark Garrett testified that cash working capital is often defined as the net outlay of cash that a utility must furnish to provide service before the payment for that service is received from its customers. (Garrett Direct, p. 8, ll. 10-12). However, it is more common today for a utility to receive payments from customers before the various obligations to vendors and employees become due. (Garrett Direct, p. 8, ll. 12-13). This creates a situation where the customers are supplying DESC with cost-free capital, and a reduction to rate base is more appropriate than an increase. (Garret Direct, p. 8, l. 13-15).

Witness Mark Garrett testified that a lead-lag study is the most accurate way to determine whether the utility or its ratepayers are providing the cash that pays the utility's bills. (Garrett Direct, p. 9, ll. 4-5). Witness Mark Garrett recommended that a lead lag study

is essential if a positive cash working capital requirement is requested, and without a lead-lag study, the cash working capital should be set at zero, because a well-run utility should have a negative balance. (Garrett Direct, p. 14, ll. 2-5).

3. Settlement Agreement and Testimony

The Settlement Parties agreed that DESC shall conduct a lead-lag study to calculate working capital for use in its next general electric rate proceeding.²⁹ According to witness Garrett, the Settlement Agreement represents a reasonable outcome for this issue. (Garrett Settlement, p. 6, l. 8).

4. Commission Finding

The Settlement Agreement contains a clause stating that the Company shall conduct a lead-lag study to calculate working capital for use in its next general electric rate proceeding. No party opposes this, and all Settling Parties support this as just and reasonable within the context of the Settlement Agreement. Moreover, this position is supported by the testimony of DoD-FEA witness Garrett. The Commission is the fact finder in rate proceedings and must balance the interests of the using and consuming public with that of the utility appearing before it. Additionally, this Order must be based upon evidence in the whole record. After consideration of the evidence on the whole record, the Commission concludes that it is just and reasonable and a fair balancing of the interests of the Company and its customers to require the Company to conduct a lead-lag study to calculate working capital for use in its next general electric rate proceeding as set out in the Settlement Agreement.

²⁹ Hearing Exhibit No. 38 ¶ 15; Order Exhibit No. 1, ¶ 15.

C. Unprotected Property Related EDIT Amortization

1. DESC Position

DESC originally requested to amortize all plant-related EDIT (protected and unprotected) in the same manner. (Nawrocki Rebuttal 5). DESC proposed using the same amortization period (the remaining life of the plant) for all plant-related EDIT for uniformity with Commission Order No. 2018-804(A), ease of administration, and sound regulatory economics. (Nawrocki Rebuttal 5-6).

2. DoD-FEA Position

According to witness Mark Garrett, the Tax Cuts and Jobs Act (TCJA) reduced the federal corporate tax rate from 35% to 21%, and utilities that had collected taxes from ratepayers at the higher (35%) corporate tax rate were in possession of over-collected taxes (paid by ratepayers) that the utilities would not be required to pay. (Garrett Direct, p. 15, ll. 13-16). Per the TCJA-specific rules for the return of these EDIT to ratepayers, unprotected EDIT can be given back to ratepayers over any period of time prescribed by the state commission. (Garrett Direct, p. 15, ll. 16-21). Witness Mark Garrett testified that a timely return of the ratepayers' overpaid taxes is the appropriate treatment from a policy perspective, especially considering economic conditions caused by COVID-19. (Garrett Direct, p. 17, ll. 7-12). Witness Mark Garrett recommended that the Commission order DESC to refund to ratepayers all the Unprotected Property related EDIT over a five-year period. (Garrett Direct, p. 20, ll. 11-12).

3. ORS Position

EDIT is a refund due to customers for their overpayments of income taxes in prior years that now never will be paid to the federal government in the future because of the

lower federal income tax rates pursuant to the TCJA. (Kollen Surr., p. 13). The equitable disposition of these refunds is to the customers who overpaid in those prior years, not to the customers who will take service over the next 50 years, which is the amortization period that the Company presently uses under the Average Rate Assumption Method. ORS witness Kollen recommended a five-year amortization period for Unprotected Property related EDIT regulatory liabilities. (Kollen Direct, p. 6).

4. Settlement Agreement and Testimony

Under the Settlement Agreement, DESC agrees to return to customers the Unprotected Property related EDIT via a Decrement Rider (Decrement Rider) beginning with all bills rendered after Commission approval of this Settlement Agreement and concluding when the total balance of the Unprotected Property related EDIT, which will equal approximately \$99.5 million as of September 1, 2021 (grossed up for taxes), is depleted.³⁰ The Decrement Rider shall be based on Test Year retail energy usage and shall appear as a separate line item on customer bills rendered monthly. The Decrement Rider shall be calculated to effectively limit the overall rate impact on customers, until the EDIT is exhausted, to a net annual increase of approximately \$35.6 million. DESC agrees to continue to return the Unprotected Property related EDIT via the Decrement Rider in the manner described above until the full balance of Unprotected Property related EDIT of \$99.5 million is depleted regardless of any change to the federal corporate tax rate that may occur in the future or any general rate proceeding filed by DESC.

³⁰ Hearing Exhibit No. 38, ¶ 6; Order Exhibit 1, ¶ 6; This method of giving back a utility's Unprotected Property related EDIT to the utility's customers has previously been approved by this Commission in Order Nos. 2019-341 and 2019-323 and is currently occurring for both Duke Energy Carolinas, LLC and Duke Energy Progress, LLC.

DESC witness Blevins testified that to mitigate the rate increase to customers, DESC would flow back to customers on an accelerated basis Unprotected Property related EDIT totaling approximately \$99.5 million as of September 1, 2021 (grossed up for taxes) through a decrement rider in an amount calculated to reduce the overall annual impact to \$35.6 million. The decrement rider will end when the balance of Unprotected Property related EDIT is exhausted, which is currently expected to occur in 2025. (Blevins Settlement, p. 3).

Hearing Exhibit No. 40, sponsored by DESC witness Rooks, aligns with Attachment B to the Settlement Agreement and summarizes the Rate Design being presented to the Commission for approval, including the EDIT Decrement Rider. (Rooks Settlement, p. 2).

DoD-FEA witness Garrett testified that the Settlement Agreement results in an amortization of Unprotected Property related EDIT each year of about \$26 million, approximately a four-year amortization of the \$99.5 million EDIT balance, which is comparable to the amortization period recommended by DoD-FEA witness Garrett. Witness Garrett testified that this is a reasonable result. (Garrett Settlement, pp. 6-7).

5. Commission Finding

The Commission as the fact finder has carefully evaluated the evidence submitted in this case as to how Unprotected Property related EDIT should be returned to customers. After consideration of the evidence on the whole record, the Commission concludes that it is just and reasonable and a fair balancing of the interests of the Company and its customers to approve the EDIT Decrement Rider as set out in the Settlement Agreement. This is consistent with the recommendation of DoD-FEA witness Garrett and provides a

significant and immediate benefit to DESC's customers. Moreover, no party opposes this, and all Settling Parties support this as just and reasonable within the context of the Settlement Agreement.

D. Capital Cost Rider

1. DESC Position

Witness Kochems testified that Commission Order No. 2018-804 established a Capital Cost Rider (CCR) to recover allowed capital costs associated with the abandoned nuclear plants. (Kochems p. 6, ll. 18-20; Tr. V9 p. 214.6, ll. 18-20). The CCR is kept separate from the remainder of DESC's electric rate components. (Kochems p. 6, ll. 20-21, p. 7, l. 1; Tr. V9 p. 214.6, ll. 20-21, p. 214.7, l. 1). DESC made an adjustment to the Test Year for amounts associated with the CCR to keep those amounts separate from base retail electric rates. (Kochems p. 7, ll. 2-3; Tr. V9 p. 214.7, ll. 2-3).

According to witness Griffin, adjusting the CCR would be contrary to the basis on which the rider was proposed and approved as a condition of Dominion Energy agreeing to the merger. (Griffin, p. 14, ll. 9-11; Tr. V6 p. 288.14, l. 9-11). Moreover, witness Griffin testified that the adjustment to the CCR is outside the matters noticed and not properly before the Commission in this proceeding. (Griffin, p. 14, ll. 13-14; Tr. V6 p. 288.14, ll. 13-14).

2. ORS Position

ORS witness Lane Kollen made recommendations related to the decision rules that affect the asset net operating loss (NOL), Accumulated Deferred Income Taxes (ADIT), and related EDIT regulatory asset and offsetting liability ADIT reflected in the Company's calculations of the CCR revenue requirement and the Company's calculations in 2019 that

affect the NND regulatory liability that is used to partially fund the CCR revenue requirement. This is necessary to ensure that the rules are consistently applied throughout the remaining term of the CCR or at least until the NOL carryforward is fully utilized. (Kollen Direct 9).

Witness Kollen testified that the Company incorrectly calculated annual NOL utilization in the final three months of 2020. The error incorrectly increased the CCR revenue requirement in 2019 by \$2.027 million. As a result of this error, the Company incorrectly amortized and reduced the NND regulatory liability used to partially offset the CCR revenue requirement and reduce the amount charged to customers by the same amount. Witness Kollen testified that the Commission should direct the Company to correct the calculation and restore \$2.027 million to the NND regulatory liability. This will not have an immediate effect on the CCR rates; however, it will shorten the duration of the CCR, all else equal. (Kollen Direct 27-29).

3. SCEUC Position

According to witness O'Donnell, nothing in Order No. 2018-804 precludes review of the CCR. (O'Donnell Direct, p. 12, ll. 14-16). The CCR compensates DESC for the abandoned nuclear costs that are not used and useful but were authorized for recovery by the former Commission. (O'Donnell Direct, p. 12, ll. 19-21). According to witness O'Donnell, the Commission should update the abandoned nuclear cost amortization to reflect the lower cost of capital that exists today as opposed to the market cost of capital that existed at the time of Commission Order No. 2018-804. (O'Donnell Direct, p. 19, ll. 5-9).

4. Settlement Agreement and Testimony

Under the totality of the terms of the Settlement Agreement, the parties agree that it is just and reasonable to restore \$2.027 million to the NND regulatory liability and to memorialize the decision rules related to the utilization of the NOL carryforward and the ADIT, NOL EDIT, and offsetting liability included in rate base in the CCR as recommended by ORS witness Kollen.³¹

(Kollen Direct, p. 24, l. 3 – p. 29, l. 6)

The Settlement Agreement is clear that the Settling Parties' acceptance of the terms of the Settlement Agreement as a whole is without prejudice to the position of any Settling Party in a subsequent proceeding. The Settlement Agreement is also clear that it must be construed as a whole and is presented to the Commission for approval in its entirety or not at all.

5. Commission Finding

The Commission as the finder of fact has carefully evaluated the evidence submitted in this case as to the CCR. The Commission concludes that it is reasonable and a fair balancing of the interests of the Company and its customers to direct the Company to restore \$2.027 million to the NND regulatory liability and to memorialize the decision rules related to the utilization of the NOL carryforward and the ADIT, NOL EDIT, and offsetting liability included in rate base in the CCR as recommended by ORS witness

³¹ Hearing Exhibit No. 38, ¶ 4; Order Exhibit No. 1, ¶ 4. (“Without prejudice to the position of any Party in future proceedings, the Parties agree to accept and adopt all recommendations, adjustments, and customer protections in the testimony and exhibits of ORS witnesses unless specifically modified by this Settlement Agreement.”)

Kollen. This is consistent with what was agreed to by the Settling Parties in the Settlement Agreement.

E. Modifications to Terms and Conditions Section V

The Company requested to amend Section V of its General Terms and Conditions as part of its Application. That request was opposed by ORS, DCA, and DoD-FEA. At the beginning of the merits hearing in this case, the Company withdrew its proposed revision to Section V of the General Terms & Conditions without objection. (Tr. V4-17). The Commission accepts the Company's request to withdraw its request to amend Section V of its General Terms and Conditions. (Tr. V4-18).

F. Storm Damage Rider

1. DESC Position

According to witness Kissam, DESC proposes to reinstate the collection for the storm damage reserve established in Order No. 1996-15 via a rider going forward. (Kissam p. 61, ll. 16-2; Tr. V6-203.62). Witness Kissam testified that DESC's request is to reinstate collections at the five-year average storm damage cost experienced from 2014 to 2019, which results in expense of \$9.8 million per year. (Kissam p. 61, l. 21, p. 62, ll. 1-2; Tr. V6-203.62; Griffin p. 23, ll. 5-9; Tr. V6-281.24). DESC witness Coffey testified regarding accounting treatment of the storm reserve regulatory liability. (Coffey pp. 3-4; Tr. V9-162.3—162.6).

2. DoD-FEA Position

DoD-FEA witness Mark Garrett testified that the availability of an after-the-fact recovery of losses from major storms is a reasonable alternative to a pre-funded storm reserve. (Garrett Direct, p. 50, ll. 15-16). Witness Garrett also testified that under current economic conditions, it is not appropriate to reinstate the costly storm damage reserve and require ratepayers to pay for past costs and future costs at the same time. (Garrett Direct, p. 51, ll. 14-16).

3. ORS Position

ORS witness Bickley testified that ORS did not oppose implementation of a storm damage rider provided ORS's recommended customer protections related to implementation of the rider and treatment of the storm reserve fund were also adopted. (Bickley Surr. 2-4). Witness Bickley testified that in the event a storm damage rider was to be implemented, it should include the nine specific customer protections, which are listed in this direct testimony on pages 10-12. (Bickley Direct, pp. 10-12).

4. Walmart Position

Witness Perry testified that the Company is proposing to recover the Storm Damage Component costs allocated to each class by embedding those costs in that class' \$/kWh energy charge, including demand-metered customers. (Perry Direct, p. 15, ll. 10-12). According to witness Perry, Walmart has a concern with this disparate treatment between cost allocation and cost recovery, and with the Company recovering costs that do not vary with customer kWh usage -- i.e., demand-related costs -- through a variable charge from demand-metered customers. (Perry Direct, p. 15, ll. 12-15). According to witness Perry, recovering demand-related costs through an energy charge violates cost causation

principles and results in a shift in demand cost responsibility from lower load factor customers to higher load factor customers. (Perry Direct, p. 16, l. 6- p. 17, l. 2).

5. Settlement Agreement and Testimony

The Settlement Agreement removes the Company's request to resume pre-funding of the storm damage reserve. (Kissam Settlement 4; M. Garrett Settlement 7-8). DoD-FEA witness Garrett testified that the Settlement Agreement result was reasonable. (M. Garrett Settlement, p. 8, l. 9). The Settlement Agreement is clear that the Settling Parties' acceptance of the terms of the Settlement Agreement as a whole is without prejudice to the position of any Settling Party in a subsequent proceeding.

6. Commission Finding

The Commission as the finder of fact has carefully evaluated the evidence submitted in this case as to reinstatement of the storm reserve rider. The Commission concludes that it is just and reasonable and a fair balancing of the interests of the Company and its customers to deny reinstatement of the storm reserve rider. However, DESC is allowed to continue to defer incremental storm expenses exceeding \$2.5 million per year and additional deferrals will be added to the existing deferred storm cost regulatory asset with the amortization of this deferral, as provided in this proceeding, continuing until it is fully amortized or adjusted in the next general rate proceeding. No party opposes this, and all Settling Parties support this as just and reasonable within the context of the Settlement Agreement.

G. Incentive Compensation

1. DESC Position

According to DESC witness Kochems, DESC proposed to remove the amount of incentive compensation and related payroll taxes charged as expense in the Test Year that exceeds 100% of the amounts targeted pursuant to the Company's incentive compensation plan. (Kochems p. 6, ll. 8-11; Tr. V9-214.6). The Company eliminated expenses for any amounts paid in excess of 100% of the targeted amount on the basis that customers should not pay for amounts accrued above and beyond the adopted target. *Id.*

Witness Elbert described the Company's Annual Incentive Plan (AIP), including the short-term and long-term programs. According to witness Elbert, incentive goals tied to financial performance communicate to all employees that they have a direct stake in achieving the Company's goal of economical service to customers and preserving its access to capital markets on favorable terms. Financial goals are part of how DESC ensures that managing costs and financial expectations is part of the balance of priorities that incentives communicate. (Elbert Direct p. 22; Tr. V9-24.22; Elbert Surrebuttal, p. 10; Tr. V9-29.10). Long-term incentive plans are recognized throughout the industry as an important way to attract, retain, and motivate key talent. (Elbert Direct, p. 18, ll. 20-21; Tr. V9-24.18). Witness Elbert testified that without a long-term incentive plan the Company would need to increase other aspects of its compensation program, such as base pay or AIP, to provide a competitive pay package for leaders and other key employees. (Elbert Direct, p. 19, ll. 2-4; Tr. V9-24.19). Witness Elbert testified that the incentive compensation arrangements at issue will ultimately foster a culture of cost control, assure access to capital on reasonable

terms, and benefit customers through lower cost utility service. (Elbert Direct, pp. 22, 23; Tr. V9-24.22–24.23).

DESC witness Elbert disagreed with DCA witness Hempling that the AIP plan rewards actions that are adverse to customers and asserted that the AIP is structured to support the safe, reliable, and economical provision of electricity to customers. (Elbert Surrebuttal, p.2; Tr. V9-29.2).

2. SCDCA Position

SCDCA witness Hempling testified that the Company's incentive compensation plans create unnecessary conflict between the Company's executives and its customers by prioritizing financial performance (potentially driven by increasing rates) over operational performance, particularly as an employee rises up the ranks. Witness Hempling recommended that the Commission require DESC to replace the current plan with one that aligns the executives' and employees' interest with the customers' interests based on priorities—such as efficiency, professional development, diversity, employee morale, and operational performance—identified by the Commission. (Hempling Direct, pp. 29-43; Hempling Surr., pp. 1-6).

3. DoD-FEA Position

With respect to short-term incentive compensation, DoD-FEA witness Garrett recommended that DESC's incentive compensation plan costs presented in this docket should be shared 50/50 between shareholders and ratepayers based on the Commission's decision in Order No. 2013-41, other jurisdictions reasoning and ratemaking treatment with respect to incentive compensation based on financial performance, the contingent nature of incentive compensation funding under the DESC/Dominion AIP, the strong emphasis

of the AIP on financial performance metrics prioritizing shareholder earnings, and the Company's customer satisfaction scores. (Garrett Direct, pp. 21-41; Garrett Surr., pp. 16-17). Likewise, DoD-FEA witness Garrett also recommended full disallowance of long-term executive incentive compensation because these are also financial-based, they are designed to encourage employees to put the interest of shareholders first, it is an established regulatory practice to disallow these costs, and these costs are not necessary to provide safe and reliable service. (Garrett Direct, pp. 41-47; Garrett Surr., pp. 16-17).

4. ORS Position

ORS witness Kleckley recommended disallowing incentive payments associated with financial performance-based goals for the Company's AIP and executive Long-Term Incentive Plan (LTIP), and 50% of the base pay and benefits of the top four highest paid executives. (Kleckley Direct, p. 3). ORS's recommendation is based on the reasoning in Order No. 2019-729 and the fact that short and long-term incentives tied to financial performance measures are not certain, may not be directly attributed to the actions of the Company's employees, and should be made using increased earnings not customer rates. (Kleckley Direct, pp. 5-7). Additionally, the Company's top four executives are heavily incentivized to pursue financial performance over operating and stewardship goals, such that customers should not pay for 100% of these costs, and a sharing between customers and shareholders of these executive salaries and benefits is appropriate. (Kleckley Direct, pp. 3-11; Kleckley Surr., pp. 2-5). ORS witness Kleckley recommended a total removal of

\$6,906,198 for costs associated with the AIP, LTIP, and salary and benefits of the top four executives. (Kleckley Direct, p. 11).³²

5. Settlement Agreement and Testimony

The Settlement Agreement eliminates earnings-based incentive compensation from recovery in this case and otherwise adopts ORS recommendations relating to employee compensation.³³ The Settlement Agreement is clear that the Settling Parties' acceptance of the terms of the Settlement Agreement as a whole is without prejudice to the position of any Settling Party in a subsequent proceeding. The Settlement Agreement is also clear that it must be construed as a whole and is presented to the Commission for approval in its entirety or not at all. Moreover, DoD-FEA witness Garrett testified that the settled upon elimination of earnings-based incentive results in savings to ratepayers and is reasonable. (Garrett Settlement, p. 7, ll. 12-14).

6. Commission Finding

The Commission has carefully evaluated the evidence submitted in this case as to incentive compensation. The Commission concludes that it is just and reasonable and a fair balancing of the interests of the Company and its customers to eliminate from rate recovery the costs of financial performance-based incentives as well as 50% of the costs for salaries and benefits for the top four employees consistent with the agreement of the Settling Parties. The corresponding downward adjustment to incentive compensation is \$6,906,198. No party opposes this, and all Settling Parties support this as just and reasonable within the context of the Settlement Agreement.

³² Retail portion of removal is \$6,740,000. (Kleckley Direct, p. 3).

³³ Hearing Exhibit No. 38, ¶¶ 4, 16; Order Exhibit No. 1, ¶¶ 4, 16.

H. Transmission and Distribution Assets

1. DESC Position

DESC witness Kissam described the Company's investment in its electric system, including approximately \$2.1 billion in investment in transmission and distribution (T&D) since the Company's last rate case. DESC witness Kissam described DESC's process for evaluating transmission investment and emphasized the reliability benefits these investments supported, including compliance with mandatory North American Electric Reliability Corporation (NERC) standards and providing cybersecurity benefits. (Kissam Direct 26-28; Tr. V6-203.27–203.29). Witness Kissam testified that DESC's transmission investments have helped it to incorporate solar onto its system and have provided grid hardening-related benefits that have provided resiliency against extreme weather events. (Kissam Direct 30-36; Tr. V6-203.31–203.36). With respect to distribution investment, since the close of the 2011 test year, DESC has installed approximately 53,000 new or replacement distribution transformers and approximately 3,100 miles of new or replacement distribution lines. This investment has been necessary to accommodate the addition of over 80,000 customers since 2011, to reduce customer outages, and to roll out Advanced Metering Infrastructure. (Kissam Direct 48-51; Tr. V6-203.49–203.52). Since 2011, DESC has improved its safety record, improved its System Average Interruption Duration Index scores significantly, and reduced customer outages due to extreme weather. (Kissam Direct, p. 3-12; Tr. V.6-203.4–203.13).

Witness Kissam also testified specifically about the transmission assets constructed in connection with the planned V.C. Summer Units 2 and 3 (Transmission Assets). (Kissam Direct p. 42-48; Tr. V6-203.43–203.49). In this proceeding, DESC requested

recovery of the Transmission Assets of approximately \$322 million. (Seaman-Huynh Direct 17-18). The Transmission Assets consist of:

- VCS1 - Killian 230 kV line 1
- VCS2 - Lake Murray #2 230 kV line 2
- VCS2 - Orangeburg East 230 kV line 3
- Orangeburg East - St. George 230 kV line 4
- VCS2 - Saluda River 230 kV line 5
- Saluda River - St. George 230 kV line

(Seaman-Huynh Revised Direct, p. 17).

Witness Kissam testified that before the construction of these assets, the DESC system needed additional strengthening and additional capacity for the transmission system feeding power into the Company's major load areas that had to be transported from where generation is located. (Kissam Direct, pp. 42-43; Tr. pp. V6-203.43–203.44). Witness Kissam also testified that combining the upgrades into a single project created economies of scale in procurement and allowed for efficient use of resources, minimized mobilization and demobilization costs, and was the most efficient means of producing savings and at the same time improving system reliability. (Kissam Direct, pp. 44-46; Tr. pp. V6-203.45–203.47). Witness Kissam further testified that DESC designed and delivered a comprehensive upgrade to the capacity, reliability, and resilience of its transmission system through a single project, which was delivered on time and on budget, in a way that resulted in significant savings. (Kissam Direct p. 46; Tr. p. V6-203.47). Without these upgrades, witness Kissam testified that the lines and other assets would be overloaded or highly loaded under NERC criteria, and that relatively more expensive and less efficient

piecemeal projects would have been required. (Kissam Direct pp. 46-48; Tr. pp. V6-203.47–203.49). According to witness Kissam, without these assets in service, hundreds of miles of transmission lines and multiple transformers would be overloaded today under planning criteria approved by the Federal Energy Regulatory Commission (FERC). (Kissam Direct pp. 66-67; Tr. p. V6-203.68).

DESC witness Whiteley reviewed the planning, development, and use of transmission upgrade projects undertaken to reinforce the DESC transmission system in anticipation of the completion of the two new nuclear generation plants and described the value of those projects to customers. (Whiteley Rebuttal, p. 4; Tr. p. V7-191.4).

According to witness Whiteley, although these transmission lines would have accommodated new generation resources at V.C. Summer, they also were planned to be an integral part of the existing DESC transmission system and reinforce the transmission system's north-south corridor. (Tr. p. V7-191.24). This reinforcement now benefits system performance, flexibility, reliability, and resiliency, along with the ability to facilitate generation retirements and connection of new generation resources. The DESC transmission system would be inadequate without these facilities. The current and expected level of loading on the Transmission Assets is in line with what would normally be expected for systems across North America and is in the range of reasonableness recognizing all the potential operating needs. *Id.*

DESC witness Parker testified that the transmission planning analysis DESC has conducted shows the benefits of the Transmission Assets to the safe and reliable operation of DESC's transmission system even with the cancellation of the NND Project. (Tr. pp. V7-105.28–105.29). The witness states that without the Transmission Assets, the system

would fail to meet statutory reliability standards and requirements today, and the situation would grow progressively worse with time. (Tr. pp. V7-105.29).

2. ORS Position

Prior to reaching a settlement, ORS recommended that the Commission consider a cost-sharing or phase-in for cost recovery of the transmission assets planned and built to provide transmission support for the now abandoned V.C. Summer Units 2 and 3 (Transmission Assets). (Seaman-Huynh Surr., pp. 7-9). Witness Seaman-Huynh testified that based on the average and maximum capacity at which the Transmission Assets operated during the Test Year and were expected to operate for the near future, the Transmission Assets did not appear to be fully utilized. (Seaman-Huynh Revised Direct p. 21; Seaman-Huynh Surr. p. 8). ORS recommended that the Commission carefully consider whether it is just and reasonable for DESC's current customers to pay for 100% of the Transmission Assets and that the Commission consider a phase-in approach for Transmission Asset cost recovery. (Seaman-Huynh Revised Direct pp. 21-22).

3. SCEUC Position

SCEUC witness O'Donnell testified that DESC is seeking to add \$2.1 billion to rate base overall for T&D investments made since the Company's last rate case. Witness O'Donnell testified that if any of these investments are related to Dominion Energy's Grid Investment Plan, the public has a right to know if those assets are cost beneficial. Witness O'Donnell identified approximately \$68 million of investment as Grid Investment Plan-related and testified that the Commission should not allow approximately \$51 million of the T&D investments into rate base pending submission of a cost benefit analysis proving the benefit to customers of these investments exceed their costs. (O'Donnell Surr. 3, 18).

With respect to the Transmission Assets, SCEUC and SCDCA witness McGavran testified that while there is benefit even in light of the cancellation of V.C. Summer Units 2 and 3, the cost of the transmission infrastructure exceeds the benefits required to deliver reliable service to the same customer base that existed prior to the cancellation of the units. (McGavran Direct, p. 2, ll. 21-22, p. 3, ll. 1-2). According to witness McGavran, to serve the anticipated electric load from V.C. Summer Units 2 and 3, SCE&G required construction of four new 230 kV transmission lines as well as the construction of a new major switchyard at the plant to accommodate these line exits. (McGavran Direct, p. 6, ll. 7-11). Witness McGavran testified that the construction of the transmission infrastructure was solely to accommodate increased capacity from V.C. Summer Units 2 and 3. (McGavran Direct, p. 8, ll. 1-5). Witness McGavran asserts that while the Commission approved of the construction of these transmission assets along with the construction of V.C Summer Units 2 and 3, at no point did the Commission approve these upgrades or look at them as prudent without the construction of V.C Summer Units 2 and 3. (McGavran Direct, p. 11, ll. 8-9).

Witness McGavran testified that he disagreed with DESC witnesses Parker and Whitely that the Transmission Assets are now necessary to meet capacity needs. (McGavran Surr, p. 1). The transmission expansion rested on the assumption that the new nuclear units would be constructed and placed in service, not the need for interconnections. (McGavran Surr., pp. 2-3). Witness McGavran testified that the benefit of the transmission expansion to ratepayers is minimal in light of the abandonment, the lines are currently experiencing low utilization and are not currently fully utilized. (McGavran Surr., pp. 4-12). Future benefits from the transmission expansion are currently speculative and the

present benefits of the transmission expansion could potentially have been accomplished in a more cost-effective way, although that is difficult to determine. (McGavran Surr., pp. 4-12). Witness McGavran asserts that DESC has failed to prove the extent to which the transmission expansion costs are used and useful such that they should be included in rates. (McGavran Surr., pp. 12-13).

4. Settlement Agreement and Testimony

The Settlement Agreement incorporates reporting requirements that the Company provide cost benefit analyses for future grid investment plan cost recovery in a future rate case based on SCEUC witness O'Donnell's recommendation.³⁴

Regarding the Transmission Assets, under the totality of the terms of the Settlement Agreement, the parties agree that it is just and reasonable for the Company to recover 100% of its Transmission Assets, which total approximately \$322 million.³⁵ The Settlement Agreement is clear that the Settling Parties acceptance of the terms of the Settlement Agreement as a whole is without prejudice to the position of any Settling Party in a subsequent proceeding. The Settlement Agreement is also clear that it must be construed as a whole and is presented to the Commission for approval in its entirety or not at all.

DESC witness Kissam testified to the value of the Company's transmission investments made since 2011, including the Transmission Assets. The Transmission Assets allow DESC's transmission system to transfer power reliably to growing population areas. The topography of South Carolina naturally creates the need to have strong structures and wires of sufficient capacity to span its unique landscape, endure its changing and, at times,

³⁴ Hearing Exhibit No. 38, ¶ 17; Order Exhibit No. 1, ¶ 17.

³⁵ See Commission Order No. 2018-804(A), pp. 53, 57, 109, and 110.

violent weather patterns, and safely deliver a continuous flow of electrons when they are needed most. DESC witness Kissam testified that these investments in electric infrastructure are reasonable and prudent. (Kissam Settlement pp. 5-6, 7, 9.)

Witness Kissam testified that the Transmission Assets help enable DESC to provide power to its customers even in inclement weather. (Tr. p. V. 11-167). Moreover, according to witness Kissam, these Transmission Assets provide tangible benefits for the state of South Carolina by providing economic development opportunities, as well as opportunities regarding future population growth, new generation, and ensuring present resiliency and safety that is required and that DESC's customers expect. (Tr. p. V.11-167).

5. Commission Finding

The most significant benefit provided by the Transmission Assets to the ratepayer is reliability. The Transmission Assets help ensure that customers have access to electrical power when they need it most. They make the grid more resilient in the face of extreme weather like hurricanes and tornadoes, which South Carolina frequently experiences. The Transmission Assets also improve resiliency in the event of extraordinary events such as the 2014 Polar Vortex or the circumstances which led to the 2021 Texas blackouts.

The Transmission Assets provide important support for South Carolina's continuing economic development and ensure the supply of electrical power to some of the State's fastest growing regions. The Transmission Assets have also helped to allow the integration of over 1,000 MW of solar power onto DESC's system, and the Commission finds that these assets will provide strong support for continued development of renewable energy in South Carolina. Further, the evidence shows the Transmission Assets were

planned and constructed in accordance with regulatory standards and done so on time and on budget. These Transmission Assets were constructed after rigorous planning to provide maximum long-term benefit to DESC's customers.

Finally, the Settling Parties to this proceeding have signed the Settlement Agreement, which includes these assets in DESC's rate base. For these reasons, we believe it is appropriate for the Company to include these assets in DESC's rate base.

After thorough consideration, extensive review of the record, and careful deliberation, we have determined that it is fair, just, and reasonable to permit the Company to include the Transmission Assets in the rate base and provide DESC recovery of this investment as agreed to by the Settling Parties in the Settlement Agreement as part of the comprehensive agreement.

I. Canadys Units 2 and 3

1. DESC Position

In the Application, DESC requests that the Commission affirm the accounting treatment implemented pursuant to Order No. 2013-649 and affirm the Company's treatment of this unrecovered investment as a component of its rate base. (Coffer Direct, p. 28, ll. 11-14; Tr. p. V9-154.28). In November of 2013, Canadys Units 2 and 3 (Canadys Units) were removed from service. (Coffer Rebuttal, p. 6, ll. 8-9; Tr. p. V9-162.6). In its application, the Company requested that the Commission affirm its treatment of including the unrecovered balance in the rate base and amortizing the balance at the level of depreciation expense being recorded for the Canadys units prior to their retirement (\$12.3 million per year). *Id.*

2. DoD-FEA Position

According to witness Mark Garrett, the Company asks the Commission to affirm this amortization schedule and include the unrecovered balance in the rate base. (Garrett Direct, p. 52, ll. 10-11). Witness Garrett testified that the Canadys Units could be removed from rate base because they are no longer in service, consistent with decisions from other jurisdictions and given that the plants are no longer used and useful. Witness Garrett recommended that the Commission include the unrecovered Canadys plant in rate base and extend the recovery period to 40 years, which is the average useful life of a natural gas combined cycle proxy replacement plant. (Garrett Direct, p. 58, ll. 17-18; M. Garrett Surr., p. 19, ll. 17-18). Witness Garrett argued that the Company should be financially indifferent to the recovery period so long as the unrecovered balance is in rate base because the present value will be the same. (Garrett Surr., pp. 20-21).

3. ORS Position

ORS witness Briseno testified that pursuant to Commission Order No. 2013-649, the carrying value of the Company's investment in the Canadys Units and related retirement costs have been placed into a regulatory asset that is being amortized at approximately \$12,271,000 per year based on the depreciation expense level recorded prior to their retirement. ORS reviewed the unrecovered balances of these units and the costs associated with their removal from service. Based on its review, ORS accepted the accounting treatment implemented by the Company pursuant to Commission Order No. 2013-649 and accepts the Company's treatment of the unrecovered investment as a component of its rate base. (Briseno Direct, p. 17).

4. Settlement Agreement

Through the Settlement Agreement, the parties agreed to accept the recommendation of ORS with respect to this adjustment.³⁶ The Settlement Agreement is clear that the Settling Parties acceptance of the terms of the Settlement Agreement as a whole is without prejudice to the position of any Settling Party in a subsequent proceeding.

5. Commission Finding

The Commission has carefully evaluated the evidence submitted in this case as to the amortization of the Canadys Units regulatory asset. The Commission concludes that it is just and reasonable for the Company to continue the accounting treatment for the regulatory assets associated with the Canadys Units that DESC implemented pursuant to Order No. 2013-649 and to affirm treatment of this unrecovered investment as a component of rate base. This is also consistent with the agreement of the Settling Parties, and the testimony of ORS witness Briseno.

J. Turbine/Generator Major Maintenance Accrual

1. DESC Position

According to witness Griffin, to reflect current estimates of annualized turbine maintenance expense, the Company must adjust its major maintenance accrual by approximately \$10.6 million. (Griffin Direct, p. 24, ll. 6-8; Tr. V6, p. 281.25). The Company requested that the annual accrual be increased to \$29,052,493 based on estimated costs going forward coupled with unrecovered costs. (Coffer Rebuttal, pp. 7, 8; Tr. V9 pp. 162.7–162.8). The Company also proposed including maintenance costs associated with

³⁶ See Hearing Exhibit No. 38, ¶ 4; Order Exhibit No. 1, ¶ 4.

the Columbia Energy Center in the accrual. (Coffer Rebuttal, p. 8, ll. 2-3; Tr. V9, p.162.8). The Company's proposal was based on the expenses reasonably expected to be incurred for turbine and generator maintenance at all of its major gas and coal-fired generating units over an eight-year maintenance cycle, as previously approved by this Commission, based on experience and existing contracts. *Id.* Company witness Kissam testified to the insufficiency of the current accrual and the operational reasons for the increase in the major maintenance accrual—namely the increased reliance on natural gas units as baseload units and the addition of the Columbia Energy Center. (Kissam Direct, pp. 64-65; Tr. V6 pp. 203.65—203.66).

2. DoD-FEA Position

DoD-FEA witness Mark Garrett disagreed with witness Kissam's assessment that the current accrual is insufficient to recover the Company's projected under-recovery of turbine maintenance expenses of nearly \$12 million. (Garrett Direct, p. 61, ll. 1-5). According to witness Garrett, the current accrual has actually decreased, which means the current annual accrual has been sufficient to cover annual maintenance expenses and help amortize the deferred balance. (Garrett Direct, p. 61, ll. 7-10). However, witness Garrett recognized that the Company has added the Columbia Energy Center to its generating fleet since the last rate case and recommended an annual increase in the major turbine maintenance expense of \$5,607,568 to cover the added maintenance costs of the Columbia Energy Center of \$4,604,500 and also provide an additional \$1,001,068 for an eight-year amortization of the regulatory asset balance as of December 31, 2019. (Garrett Direct, p. 61, ll. 14-16, p. 62, ll. 8-13).

3. ORS Position

ORS proposes to adjust on a retail basis other O&M expenses by \$10,295,000, income taxes by (\$2,569,000), and working capital by \$1,287,000. ORS witness Briseno testified that ORS verified the Company's calculations and accepts the Company's proposed adjustment to reflect projected cost over the next eight years. (Briseno Direct, pp. 10-11). ORS witness Bickley testified to ORS's review of DESC's maintenance and inspection costs and practices, the Company's Turbine Major Maintenance Accrual expenditure projections and forecasts for the Company's coal and natural gas units based on anticipated operations as well as past forecasts. (Bickley Direct, pp. 18-22). Witness Bickley testified that the addition of the Columbia Energy Center combined cycle fleet to the DESC fleet and its associated maintenance costs is a primary driver of the Company's request to increase its major maintenance accrual. (Bickley Direct, pp. 19-22).

4. Settlement Agreement and Testimony

DESC witness Kissam testified that during the pendency of settlement talks, DESC negotiated a favorable, long-term turbine maintenance contract with its vendor, reducing the annual turbine maintenance expense by \$4.3 million on a total system basis, \$4.17 million retail. (Kissam Settlement 3; *see* Order Exhibit No. 1, Attachment A at 4). The Settlement Agreement reduced the proposed increase to the Major Maintenance Accrual by \$4.3 million and otherwise accepted the recommendation of ORS with respect to this adjustment.³⁷ The Settlement Agreement is clear that the Settling Parties' acceptance of the

³⁷ *See* Hearing Exhibit No. 38, ¶¶ 4, 26; Order Exhibit No. 1, ¶¶ 4, 26.

terms of the Settlement Agreement as a whole is without prejudice to the position of any Settling Party in a subsequent proceeding.

5. Commission Finding

The Commission has carefully evaluated the evidence submitted in this case as to the annual turbine major maintenance accrual. The Commission concludes that it is just and reasonable to reduce the requested increase in the turbine major maintenance accrual by \$4.3 million total system, not including fallout adjustments to income taxes and working capital. The retail adjustment after the reduction results in an adjustment of \$6,125,000 to other O&M expenses, (\$1,528,000) to income taxes and \$766,000 to working capital. No party opposes this, and all Settling Parties support this as just and reasonable within the context of the Settlement Agreement. This outcome is also consistent with the testimony of DESC witness Kissam.

K. Deferrals

1. DESC Position

The Company asserts that the amortization periods for deferrals proposed in its Application are appropriate because they align relatively closely to the time period over which the deferred costs accumulated. (Coffer Corrected Rebuttal, p. 13, ll. 1-3). Therefore, the Company requested that its proposed amortization periods be approved over those proposed by ORS and DoD-FEA. *Id.*

Also, regarding deferral amortization, the Company does not object to removal of these amortizations from the working capital calculation, but requests that the amortizations continue to be recorded to O&M as proposed by the Company. *Id.* According

to witness Coffey, the Company's treatment is consistent with the guidelines of the FERC Uniform System of Accounts. *Id.*

Regarding the elimination of estimates from recovery of deferral balances, witness Coffey testified that the Company can reasonably estimate the balance of each of these accounts as of February 2021. (Coffey Corrected Rebuttal, p. 14, ll. 19-21, p. 15, l. 1; Tr. V9-162.14–162.15). However, Coffey testified if the Commission determines that the amortization amount should be based solely on actual account balances as of May 31, 2020, as proposed by ORS, the Company requests that the established amortization remain in effect until the entire account balance is recovered, as indicated in Item 26 of its Application in this proceeding - not just the actual balance used in setting the amortization. (Coffey Corrected Rebuttal, p. 15, ll. 3-9; Tr. V9 p. 162.15).

The Company also requests that the Commission affirm the Company's position that further quarterly status reports are no longer required for the Fukushima Nuclear Regulatory Commission Requirements Deferral and the VCS Cyber Security Deferral. (Coffey Corrected Direct, pp. 25-26).

2. DoD-FEA Position

DoD-FEA also recommends the amortization period for the Critical Infrastructure Cost Deferral be ten (10) years. (Garrett Direct p. 59, l. 14 – p. 60, l. 4).

3. ORS Position

ORS proposes extending the amortization periods of certain regulatory assets beyond the periods proposed by the Company. (Coffey Rebuttal, p. 11, ll. 6-8; Tr. p. V9-162.11). ORS witness Bickley recommended an amortization period of ten years versus the Company's proposal of five years for the Storm Remediation Cost Deferral

(Adjustment #19), Critical Infrastructure Protection Costs Deferral (Adjustment #30), and VCS Cyber Security Deferral (Adjustment #32). (Bickley Direct p. 6, ll. 3-4; p. 26, ll. 1-2; p. 28, ll. 7-8). ORS recommended longer amortization periods to help provide rate relief in light of the difficult economic impact of COVID-19 on customers and because it aligns the amortization periods of these deferrals with the Fukushima NRC Requirements Deferral (Adjustment #31) (Bickley Direct p. 6, ll. 3-19; p. 26, ll. 2-14; p. 28, ll. 8-20). Further, amortization periods are reviewed during a general rate proceeding and can be adjusted by the Commission. (Bickley Surrebuttal p. 4, l. 22 – p. 5, l. 1). ORS's recommendation lowers the annual impact to customers by approximately 50% for each deferral thereby reducing the immediate financial impact to customers. (Bickley Surrebuttal p. 5, ll. 3-5). Additionally, ORS agrees with the Company's request regarding further quarterly reporting on Adjustments #31 (Fukushima Nuclear Regulatory Commission Requirements Deferral) and #32 (VCS Cyber Security Deferral). (Bickley Direct pp. 10, 27, and 28).

ORS witness Briseno recommends that the amortization of regulatory assets and liabilities be classified as depreciation and amortization expense and not O&M expense as proposed by the Company for several deferrals. (Briseno Direct, p. 7, ll. 20-22). Since working capital is calculated using O&M expenses as a base, including depreciation and amortization expenses in O&M inappropriately overstates working capital. (Briseno Direct p. 7, l. 22 – p. 8, l. 1). According to witness Briseno, ORS does not object to the Company's request to allocate certain portions of the deferrals into O&M for the purposes of FERC reporting, provided they are not included in the working capital calculation. (Briseno Surrebuttal p. 2, ll. 3-14).

For certain deferrals, the Company used both actual and estimated expenditures in their deferral adjustments. ORS also recommends that the estimates, used in the Company's deferral adjustments (as originally proposed) be excluded from the calculations of the deferral balances because they are not known and measurable. (Briseno Direct p. 3, ll. 6-8). The deferrals impacted by this recommendation are the Critical Infrastructure Protection Costs Deferral, VCS Cyber Security Deferral, and transmission costs deferral. (Briseno Direct p. 13, l. 10; p. 15, l. 12; Kollen Direct p. 21, ll. 1-13). ORS witnesses Briseno and Kollen recommend limiting the Company's proposed amortization adjustment for these three deferrals to the actual account balance of the deferral as of May 31, 2020, without considering projections. (Kollen Direct p. 21, ll. 1-13).

Regarding Company witness Coffey's request that the established deferral amortization remain in effect until the entire deferral account balance is recovered, ORS witness Briseno stated that ORS does not object to the Company's request provided that ORS is allowed the opportunity to review the additional deferred amounts incurred after May 31, 2020, in a subsequent general rate case. (Briseno Surrebuttal p. 2, ll. 15-18). Additionally, ORS requests that the same treatment be afforded to the regulatory liabilities as the regulatory assets. (Briseno Surrebuttal, p. 2, ll. 19-21).

4. Settlement Agreement

The comprehensive Settlement Agreement into which all Settling Parties to this proceeding entered states in paragraph four that the parties agree to accept and adopt all

recommendations, adjustments, and customer protections in the testimony and exhibits of ORS witnesses unless specifically modified by the Agreement.³⁸

5. Commission Finding

The Settlement Agreement modifies none of the above-described adjustments ORS proposed regarding deferrals, and they are accepted as part of the Settlement Agreement. The Commission finds the Settlement Agreement, including its treatment of the amortization periods for the Storm Remediation Cost Deferral (Adjustment #19), Critical Infrastructure Protection Costs Deferral (Adjustment #30), VCS Cyber Security Deferral (Adjustment #32), and the exclusion of estimates from the calculation of deferral balances to be just and reasonable. The Company is permitted to discontinue quarterly reporting for the Fukushima NRC Requirements Deferral and the VCS Cyber Security Deferral. Additionally, the Company is permitted to allocate portions of the deferrals into O&M for the purposes of FERC reporting, but the portions allocated may not be included in the working capital calculation. The established deferral amortization shall remain in effect until the entire deferral account balance is recovered, ORS will be allowed the opportunity to review the additional deferred amounts incurred after May 31, 2020, in a subsequent general rate case, and the same treatment shall be afforded to the regulatory liabilities as the regulatory assets.

³⁸ Hearing Exhibit No. 38, ¶ 4; Order Exhibit No. 1, ¶ 4.

L. Vegetation Management Accrual

1. DESC Position

According to witnesses Kissam and Griffin, the Company proposes to establish a vegetation management accrual to predictably fund a multi-year vegetation management program. (Kissam Direct, p. 60, l. 1-3; Tr. p. V6-203.61; Griffin Direct p. 24, ll. 12-14; Tr. p. V6-281.25). Witness Kissam testified the accrual would levelize vegetation management expenses over an average five-year vegetation management cycle. (Kissam Direct, p. 60, ll. 3-4; Tr. p. V6-203.61). During the Test Year, the Company spent approximately \$24.1 million on vegetation management and projects this amount to increase by \$3.5 million on average over the next five years, resulting in a vegetation management expense of approximately \$27.6 million to be reflected in rates. (Kissam Direct, p. 60, ll. 14-19; Tr. V6-203.61; Griffin Direct, p. 23, l. 18-p. 24, l. 4; Tr. pp. V6-281.24–281.25).

According to witness Coffey, the approach suggested by ORS creates a disparity between its proposed pro forma adjustment and the costs the accrual is intended to cover, while at the same time eliminating the costs associated with this work from non-accrual expenses. (Coffey Rebuttal, p. 16, ll. 17-20; Tr. V9-162.16). Witness Coffey testified that the Company's pro forma adjustment accurately captures the purpose of the accrual to fund preventative and predictable vegetation management and cycle cutting that is separate from the costs of hourly work to respond to unplanned vegetation management needs causing a threat to the system. (Coffey Rebuttal, p. 17, ll. 1-5; Tr. p. V9-162.17).

2. DoD-FEA Position

DoD-FEA witness Mark Garrett disagreed with establishing a vegetation management accrual and increasing vegetation management expenses because tracking

mechanisms shift the risks of operating the utility from the Company to the customers and tend to weaken management's incentive to control costs. (Garrett Direct, p. 48, ll. 11-13, p. 49, ll. 1-3). Witness Garrett testified that the Test Year vegetation management expenses of \$24.9 million represents a \$5.9 million increase over the prior year actual cost, and \$3.7 million over the 5-year average, and the Company's adjustment to increase the expense above the Test Year cost level is unnecessary. (Garrett Direct, p. 49, ll. 7-11). Witness Garrett recommended that the requested vegetation management expenses be reduced by \$3,519,375 to reverse the proposed increase by DESC. (Garrett Direct, p. 49, ll. 20-21).

3. ORS Position

ORS witness Bickley testified ORS did not oppose creation of a vegetation management accrual provided certain customer protection and reporting requirements were included to ensure the funds are used effectively and for vegetation management. (Bickley Direct, pp. 17-19). ORS witness Briseno testified ORS accepted the Company's updated vegetation management adjustment after reviewing DESC witness Coffey's rebuttal testimony and conducting additional discovery, concluding that the Company correctly recorded hourly, unplanned vegetation management work separately from the planned cyclical work covered by the vegetation management accrual. The retail adjustment recommended by ORS, as provided by the Company in response to ORS Request 8-6, adjusts other O&M expenses by \$3,786,000, income taxes by (\$944,000), and working capital by \$473,000. (Briseno Surr., p. 3).

4. Settlement Agreement and Testimony

The Settlement Agreement, into which all Settling Parties to this proceeding entered, states in paragraph four that the parties agree to accept and adopt all recommendations, adjustments, and customer protections in the testimony and exhibits of

ORS witnesses unless specifically modified by the Settlement Agreement.³⁹ As a result, the Settlement Agreement incorporates ORS's recommended reporting and customer protection requirements for the accrual.⁴⁰

According to witness Briseno, ORS requested through discovery that the Company quantify the hourly work attributable to tree trimming and vegetation management for the five years preceding 2019, and based upon the Company's response ORS concluded that the level of hourly work in the 2019 Test Year was reasonable. (Briseno Surrebuttal, p. 3, ll. 6-9). Accordingly, ORS accepted the Company's updated retail adjustment which resulted in adjustments to other O&M expenses by \$3,786,000, income taxes by (\$944,000), and working capital by \$473,000. (Briseno Surrebuttal, p. 3, ll. 11-14).

DESC witness Kissam testified that the Settlement Agreement allows the Company to create a dedicated vegetation management accrual account. By allowing unspent amounts to be carried forward when contractor unavailability, storm response pressures, floods or other factors require work to shift from one year to the next, the account will allow the Company to maintain a consistent, disciplined approach to vegetation management annually. This consistency is key to safety, reliability, resiliency, and rapid storm recovery and is more efficient and cost effective for customers. (Kissam Settlement, p. 2; *see also* Hearing Exhibit No. 38, ¶ 4 and Order Exhibit No. 1, ¶ 4).

³⁹ Hearing Exhibit No. 38, ¶ 4; Order Exhibit No. 1, ¶ 4.

⁴⁰ *Id.*

5. Commission Finding

The Commission has carefully evaluated the evidence submitted in this case as to the creation of a dedicated vegetation management accrual. The Commission concludes that it is just and reasonable to allow the Company to establish such an accrual, subject to the reporting and customer protection requirements outlined by ORS. Additionally, it is appropriate to adjust other O&M expenses by \$3,786,000, income taxes by (\$944,000), and working capital by \$473,000. No party opposes this, and all Settling Parties support this as just and reasonable within the context of the Settlement Agreement.

M. Coal-Fired Generation Station

1. DESC Position

Since its last rate case, the Company invested approximately \$878 million in its generating system, including approximately \$411 million in capital expenditures on the Wateree, Williams, and Cope coal plants. (Kissam Direct, p. 12; Tr. V6-203.13; Stanton Direct, p. 6). DESC witness Neely testified that the Wateree, Williams, and Cope plants are economical to operate and currently have value that exceeds their operating costs. Witness Neely testified in rebuttal to Sierra Club witness Stanton that the value of these plants cannot be calculated solely based on marginal costs because DESC does not participate in an organized competitive power market to provide capacity and energy markets to measure plants against. (Neely Rebuttal, pp. 2, 8). DESC witness Spanos testified that the most likely alternative to these capital investments would be to build new generation at a much higher cost. (Spanos Rebuttal 48; *see also* Delk Rebuttal, pp. 15-17; Kissam Rebuttal, pp. 5-6; Tr. V6-213.5–213.6). DESC witness Delk testified that Williams, Wateree, and Cope have consistently achieved high availability factors and low

forced outage rates, and without the units, the Company does not have sufficient generation resources to meet peak customer demands. (Delk Rebuttal, p. 4).

2. Sierra Club Position

Sierra Club witness Stanton recommended the Commission disallow \$246 million for non-environmental expenditures and \$165 million for environmental expenditures for capital projects on the Wateree, Williams, and Cope coal plants between 2012 and 2019 incurred to keep these plants running in future years. (Stanton Direct, pp. 4, 38). The witness testified that these investments have been uneconomic based on the cost of generation relative to the revenues from power produced. (Stanton Direct, pp. 15, 18). DESC's assertion that Williams, Wateree, and Cope are peaker units was not discussed in the Company's 2020 IRP, and the Company has not provided the analysis or data necessary to show the plants are economic or appropriate in a least-cost portfolio. (Stanton Surr., p. 10). Witness Stanton recommended that the Commission cap future capital expenditures to prolong the lives of these units, at least until DESC studies whether continuing to operate these units is the least-cost alternative compared to other resource options. (Stanton Direct, p. 38).

3. Settlement Agreement and Testimony

Under the Settlement Agreement, the Company will file public quarterly reports on the capital expenditures at Wateree, Williams and Cope until the new Commission-ordered coal retirement studies are complete.⁴¹ Sierra Club witness Harlan testified that the quarterly reporting mechanism in the Settlement Agreement will ensure that the public,

⁴¹ Hearing Exhibit No. 38, ¶ 24; Order Exhibit No. 1, ¶ 24.

parties, and Commission are kept apprised of ongoing investments in these coal units and recommends approval of the Settlement Agreement as a reasonable resolution of the issues raised by Sierra Club. (Harlan Settlement, pp. 3-4).

4. Commission Finding

The comprehensive Settlement Agreement, into which all Settling Parties to this proceeding entered and support, provides for quarterly capital expenditure reporting on Wateree, Williams and Cope and provides that recovery of the investments at-issue in these plants is fair, just, and reasonable. No Party opposes the Settlement Agreement. The Commission finds the Settlement Agreement, including its reporting requirements and its ratemaking treatment of the Wateree, Williams, and Cope capital investments, to be just and reasonable.

N. Depreciation Rates

1. DESC Position

Witness Spanos conducted a depreciation study estimating service life and net salvage values that included a description of the results of his analysis and a summary of his depreciation calculations, including graphs and tables that relate to the service life and net salvage analyses and the detailed depreciation calculations by account. (Spanos Direct, p. 6; Tr. p. V9-95.6). Witness Spanos used the straight-line remaining life method of depreciation with the average service life procedure for all plant assets, with the exception of some general plant accounts. (Spanos Direct, p. 7; Tr. p. V9-95.7). Witness Spanos used Iowa Type Survivor Curves to estimate the service life characteristics of each property group to smooth and extrapolate original survivor curves determined by the retirement rate

method to describe the forecasted rates of retirement based on the observed rates of retirement and the outlook for future retirements. (Spanos Direct, p. 10; Tr. p. V9-95.10).

DESC witness Spanos testified that the approach ORS Witness David Garrett used to develop his estimates for mass property accounts is based primarily on mathematical curve fitting. (Spanos Rebuttal p. 6, ll. 8-10). The witness believes that this approach does not give the appropriate consideration to the mortality characteristics of the assets studied or to other factors that should be considered to determine the most appropriate life cycle of an asset class. (Spanos Rebuttal p. 6; Tr. p. V9-106.6). Additionally, Spanos believes that ORS Witness David Garrett's statistical analysis has not properly incorporated relevant historical and future information that is necessary and required to estimate correctly and accurately life cycles which, witness Spanos testified, has been incorporated to support and confirm his estimates. (Spanos Rebuttal pp. 6, 7; Tr. pp. V9-106.6—106.7). Regarding the net salvage value of DESC assets, DESC witness Spanos disagreed with ORS Witness David Garrett's testimony that Garrett had provided a more precise calculation of terminal net salvage. (Spanos Rebuttal p. 45; Tr. p. V9-106.45). Witness Spanos asserted that witness David Garrett's 5% terminal net salvage percentage for all facilities was random and does not escalate to the date of retirement which is necessary to be consistent with the concept of net salvage emphasized by authoritative texts. *Id.* Additionally, Spanos testified that David Garrett's segregation of the assets between interim and terminal is not consistent with the assets that will be retired based on the current vintages of assets using the survivor curve. *Id.* Rather than use witness David Garrett's proposed methodology, because the decommissioning costs for each facility have not been studied and therefore the amounts were too uncertain in the absence of a decommissioning study to be included in this case,

witness Spanos recommended maintaining the same methodology previously used for calculating terminal net salvage. (Spanos Rebuttal p. 46; Tr. p. V9-106.46).

2. ORS Position

ORS witness David Garrett's depreciation adjustments are driven by two primary factors: (1) adjusting the weighting of interim retirements and terminal net salvage rate for the Company's production plant accounts (\$12.8 million); and (2) adjusting the service lives for several of the Company's transmission and distribution accounts (\$7.4 million). (D. Garrett Direct pp. 6-7). Garrett testified that in the Company's depreciation study, DESC witness Spanos applied interim net salvage rates to the entire amount of projected retirements for production plant assets, rather than weighting the retirements between interim and terminal requirements and applying separate net salvage rates to each category, which is a more accurate approach. (D. Garrett Direct p. 7, ll. 3-6). By failing to divide interim and terminal retirements, according to witness Garrett, Mr. Spanos effectively applies the interim net salvage rates to terminal retirement amounts. (D. Garrett Direct p. 7, ll. 6-7). Moreover, in Garrett's opinion, the Company has not supported any terminal net salvage of its production plants with site-specific dismantlement studies. (D. Garrett Direct p. 7, ll. 8-10, p. 37, ll. 1-3). By not providing decommissioning studies, the Company did not adequately support its terminal net salvage rates, Garrett believes. (D. Garrett Surrebuttal p.7, l. 20 – p. 8, l. 1). However, rather than completely disallowing recovery of terminal retirements, ORS witness David Garrett recommends that the Commission approve a terminal net salvage rate of -5% as a reasonable and conservative estimate for each of the Company's production units. (D. Garrett Direct p. 38, ll. 5-9). Dismantlement studies in a future rate case may reveal lower or higher terminal net salvage rates, and the

rates can be adjusted accordingly at that time. (D. Garrett Direct p. 38, ll. 9-10; D. Garrett Surrebuttal p. 8, ll. 3-5).

Regarding the Company's mass property accounts, a statistical analysis of the Company's historical retirement data shows that witness Spanos has underestimated the remaining service lives (thus overestimating the depreciation rates) of several of the Company's transmission and distribution accounts. (D. Garrett Direct p. 7, ll. 10-13). The Company has the burden of making a convincing showing that its proposed depreciation rates are not excessive, and ORS witness David Garrett testified the Company failed to meet this burden regarding the depreciation parameters and accounts discussed in his testimony. (D. Garrett Direct p. 9, ll. 18-19; p. 15, l. 17 – p. 17, l. 11). ORS witness David Garrett disagreed with witness Spanos' assertion that Garrett's service life estimates are based solely on mathematical curve fitting. (D. Garrett Surrebuttal p. 3, ll. 5-6). While David Garrett relies more on mathematical results than Spanos, Garrett testified his opinions constitute a more reasonable balancing of mathematical fit, visual curve fitting, and professional judgment. (D. Garrett Surrebuttal p. 6, ll. 11-14).

3. Settlement Agreement

The comprehensive Settlement Agreement, into which all Settling Parties to this proceeding entered, states in paragraph four that the parties agree to accept and adopt all recommendations, adjustments, and customer protections in the testimony and exhibits of ORS witnesses unless specifically modified by the Agreement.⁴²

⁴² Hearing Exhibit No. 38, ¶ 4; Order Exhibit No. 1, ¶ 4.

4. Commission Finding

The Settlement Agreement modifies none of the above-described adjustments ORS proposed regarding depreciation. Therefore, they are accepted as part of the Agreement. The Commission finds the Settlement Agreement, including its treatment of depreciation to be just and reasonable. No party opposes this, and all Settling Parties support this as just and reasonable within the context of the Settlement Agreement.

O. Dominion Energy Services Expense and Synergy Savings

1. DESC Position

Through discovery, the Company updated its adjustment for Dominion Energy Services Expense and Synergy Savings.

2. ORS Position

For Dominion Energy Services expenses, the Company updated its originally proposed retail adjustment to adjust other O&M expense by \$8,092,000, income taxes by (\$2,019,000), and working capital by \$1,012,000. The Company's updated adjustment accounted for the removal of costs that should have not been included in the original adjustment in the Application. (Kleckley Direct p. 13, ll. 9-15). ORS proposed to adjust retail other O&M expense by \$8,080,000, income taxes by (\$2,016,000), and working capital by \$1,010,000. (Kleckley Direct p. 13, ll. 15-16). The difference between the Company's updated adjustment and ORS's adjustment amounts is due to additional costs removed by ORS for non-recurring charges and not representative of the Company's expected operating experience going forward. (Kleckley Direct p. 13, l. 22 – p. 14, l. 2).

For Synergy Savings, the Company updated its originally proposed adjustment to adjust retail other O&M expense by (\$823,000), income taxes by \$205,000, and working

capital by (\$103,000). (Kleckley Direct p. 14, ll. 4-9). The non-labor cost savings consist of aviation, information technology contracts and subscriptions expenses. (Kleckley Direct p. 14, ll. 9-10). The difference between the updated adjustment figures and the original adjustment figures in the Application are due to an update which was made to reflect the actual allocated aviation expenses to DESC in the Test Year. (Kleckley Direct p. 14, ll. 11-13). ORS verified and accepts the Company's updated adjustment. (Kleckley Direct p. 14, ll. 12-13).

3. Settlement Agreement

The Settlement Agreement, into which all Settling Parties to this proceeding entered, states in paragraph four that the parties agree to accept and adopt all recommendations, adjustments, and customer protections in the testimony and exhibits of ORS witnesses unless specifically modified by the Agreement.⁴³

4. Commission Finding

ORS's adjustment to Dominion Energy Services expenses and the Company's updated adjustment for Synergy Savings are accepted as part of the Agreement.⁴⁴ The Company has not contested ORS's proposed adjustment to Dominion Energy Services Expense. The Commission finds the Settlement Agreement, including its treatment of these issues, to be just and reasonable.

⁴³ Hearing Exhibit No. 38, ¶ 4; Order Exhibit No. 1, ¶ 4.

⁴⁴ See Hearing Exhibit No. 38, ¶ 4; Order Exhibit No.1, ¶ 4.

P. Cost of Service Study

1. DESC Position

According to witness Kochems, the cost of service study proposed by DESC provides a proper foundation for distributing costs among classes because it recognizes cost causation and distributes costs accordingly, provides a proper basis for determining cost-based rates and is a major component of fair and equitable rate design, provides a reasonably accurate measure of profitability among classes of customers, and is fully consistent with past precedent and practice of the Commission in setting rates for the Company. (Kochems Direct, p. 20; Tr. p. V9-214.20).

2. SCDCA Position

SCDCA witness Dismukes recommended the Commission require the Company gather monthly system coincident peak information on a class basis in the future, and that the Commission require the Company to file an alternative Cost of Service Study (COSS) allocating demand-related electric transmission plant on the basis of the results of a 12-month average of each customer class' contribution to the Company's system monthly coincident peaks (12-CP) in its next base rate filing. (Dismukes Direct, p. 4, ll. 7-12). Witness Dismukes testified that that medium and large general service customers are currently earning less than the system average rate of return and accordingly he assigned a revenue increase to these two classes equal to 1.15 times the overall system average increase of 8.29%, or 9.51%. (Dismukes Direct, p. 4, ll. 22-23, p. 5. l. 1-3). Next witness Dismukes proposes allocating the remaining required revenue increase equally to all other customer classes, thereby reducing the proposed revenue increase to the residential service

class from the Company's proposed \$83.2 million to \$78.1 million, or by approximately \$5.0 million. (Dismukes Direct, p. 5, ll. 3-7).

3. ORS Position

ORS concluded that, for the purposes of this Application, the methodology applied in constructing the Company's COSS is reasonable. The methodology provides a reasonable assessment and allocation of the Company's revenues, operating expenses, and rate base items, which produces a rate of return by customer class. (Seaman-Huynh Revised Direct p. 5, ll. 10-12). Prior to the Settlement Agreement, ORS witness Seaman-Huynh testified that a COSS discussion with stakeholders has benefits and recommended that the Company conduct a thorough evaluation of cost allocation methodology and receive input from interested stakeholders prior to its next general rate proceeding. (See Seaman-Huynh Revised Surrebuttal p. 2, ll. 18-21).

4. SCEUC Position

Witness O'Donnell testified that South Carolina has a long-established precedent of allocating generation costs using the coincident peak (CP) methodology, which is a method whereby the generation assets are allocated based on the ratio of the customer class demand at the time of the summer peak. (O'Donnell Direct, p. 3, ll. 23-26). Witness O'Donnell supports such cost allocation as it sends the proper pricing signal to large customers. (O'Donnell Direct, p. 3, ll. 26-27).

5. Settlement Agreement

According to the Settlement Agreement the parties agree to accept and adopt all recommendations, adjustments, and customer protections in the testimony and exhibits of ORS witnesses unless specifically modified by the Agreement.⁴⁵

6. Commission Finding

A cost of service study determines the Company's costs of serving various classes of customers (i.e., residential, small general service, medium general service, large general service, and lighting). (Kochems Direct, p. 12, ll.7-9; Tr. V9-214.12). A key principle in regulation of utility rates is that the rates for individual classes of customers should reasonably reflect the cost of serving customers in that class. *Id.* Accordingly, the principle underlying the allocations of plant investment and expenses in a cost of service study is cost causation. *Id.*

The Commission concludes that it is reasonable and a fair balancing of the interests of the Company and its customers to approve the Company's proposed cost of service study as part of the Settlement Agreement. No party opposes this, and all Settling Parties support this as reasonable within the context of the Settlement Agreement.

Q. Rate Design

1. AARP Position

Witness Rubin testified to the structure and design of the Company's residential rates. (Rubin Direct p. 4, ll. 9-10). Witness Rubin provided several recommendations, including that the BFC for Rate 8 should remain at its current level of \$9.00 per month and

⁴⁵ Hearing Exhibit No. 38, ¶ 4; Order Exhibit No. 1, ¶ 4.

the BFC for Rate 2 (low-use customers) should be reduced to \$6.50 per month. (Rubin Direct p. 4, l. 12 – p. 5, l. 3). Rate 8 is the main residential rate schedule which consists of a BFC, a rate for the first 800 kWh per month, and a different rate for usage in excess of 800 kWh per month. (Rubin Direct p. 5, ll. 10-12). Witness Rubin testified that some of costs included in the Company's cost-of-service study as "customer related" such as Company overhead should not be collected through the BFC. (Rubin Direct p. 8, ll. 1-7).

2. DCA Position

The DCA, through witness Dismukes, also opposed the Company's proposed BFC increase because it disincentivizes energy conservation measures and shifts the rate burden within a customer class to lower-use customers. (Dismukes Direct pp. 36-40).

3. DESC Position

According to witness Rooks, DESC's objective in rate design is to provide electric service to customers at fair prices while earning an adequate return for investors. (Rooks Direct, p. 4, ll. 4-5). Witness Rooks testified that DESC reviewed those objectives against its existing rates and determined that the existing rate structure does not require any modification (Rooks Direct, p. 4, ll. 18-20).

Witness Rooks also testified to the increase the Company's requests to BFC. DESC proposes to make changes to the BFC for its Residential, Small General Service, Medium General Service, and Large General Service customers. (Rooks Direct p. 6, ll. 18-19). According to witness Rooks, the actual per account costs total \$19.49 per month, but DESC is only seeking to raise its residential electric BFC's by \$2.50 per month to \$11.50 total. (Rooks Direct, p. 7, ll. 12-15).

4. DoD-FEA Position

Witness Mark Garrett testified regarding DESC's proposal to use an 85% power factor (M. Garrett Direct p. 7, ll. 2-4). According to witness Mark Garrett, the standard application of the power factor correction has the effect of increasing the billing demand for a customer by 1% for each 1% the power factor is less than the stated threshold. (M. Garrett Direct p. 71, ll. 8-10). According to witness Mark Garrett, the Company's power factor correction threshold is set too low. (M. Garrett Direct, p. 72, ll. 18-22).

Regarding Rate 23, witness Mark Garrett testified that Rate 23 is available to any customer classified in the major industrial group of manufacturing with 10-14 or 20-39 as the first two digits of the Standard Industrial Classification (SIC), or 21 or 31-33 as the first two digits of the six-digit North American Industry Classification System (NAIC) using the Company's standard service for power and light requirements and having a contract demand of 1,000 kW or over. (M. Garrett Direct p. 77, ll. 10-15). Witness Mark Garrett testified that he believes the Rate 23 Availability Clause is subjective and unduly discriminatory. (Garrett Direct p. 78, l. 20). Witness Mark Garrett recommended that the Commission require DESC to revise the availability provision of Rate 23 to read, "This rate is available to any customer using the Company's standard service for power and light requirements having a contract demand of 1,000 kW or over and an average annual load factor of 60% or higher based on On-Peak CP demand . . . This rate is not available for resale service." (M. Garrett Direct p. 79, l. 26 - p. 80, l. 3). According to witness Mark Garrett, revising the availability provision in this manner allows weather sensitive customers with sufficiently high load factors to take advantage of this rate. (M. Garrett Direct p. 80, ll. 3-5).

5. ORS Position

ORS presented testimony on the returns by class in Table 2 of witness Seaman-Huynh's direct testimony. Witness Seaman-Huynh testified that the Company's rate design methodology is the same methodology used by the Company in previous general rate cases. (Seaman-Huynh Revised Direct p. 9, ll. 8-9). ORS did not object to the Company's proposal to increase the residential BFC from \$9.00 per month \$11.50 per month for its residential rate schedules. (Seaman-Huynh Revised Direct p. 10, ll. 14-15). ORS also reviewed the Company's proposed updates to its Demand Side Management (DSM) rider and did not object to the Company's request to update its DSM rates. (Seaman-Huynh Revised Direct p. 11, ll. 2-5). In addition, ORS did not object to DESC's request to end the Rate 21A Experimental Program – General Service Time-of-Use-Demand and recommended that the Company work with the affected customers to transition them to the most economical and appropriate rates schedule and to a two-year phase in transition period for these customers. (Seaman-Huynh Revised Direct p. 12, ll. 1-10).

6. Settlement Agreement and Testimony

According to the Settlement Agreement, the Settling Parties agreed that the monthly Basic Facility Charge for residential customers under Rate 8 will increase to \$9.50, the Basic Facilities Charge for the remaining residential customer classifications will remain unchanged, and the remaining revenue requirement will be collected by increasing the per kWh volumetric rates.⁴⁶

⁴⁶ Hearing Exhibit No. 38, ¶ 8; Order Exhibit No. 1, ¶ 8.

Witness Myers testified that the Settlement provides that the fixed part of a residential electric bill will only increase 50 cents, from \$9.00 to \$9.50 per month. (Myers Settlement Testimony, p. 3, ll. 19-20). Moreover, witness Myers testified that AARP is pleased that this fixed customer charge would be kept under \$10.00, since it is an unavoidable fee and cannot be reduced through energy conservation. (Myers Settlement Testimony, p. 3, ll. 20-21, p. 4, l. 1). According to witness Myers, AARP has fought against increasing such charges around the country and AARP's members have a strong preference for the bulk of any rate increase be applied to the usage part of their electric bill (over which they have some control). (Myers Settlement Testimony, p. 4, ll. 3-6).

7. Commission Finding

The comprehensive Settlement Agreement into which all Settling Parties to this proceeding entered contains various provisions regarding rate design, including that the monthly BFC for residential customers under Rate 8 will increase to \$9.50 and remain unchanged for other residential customer classifications, a Rate Design that is summarized in Attachment B to the Settlement Agreement, an allocation among rates and customer classes as shown in Attachment D, and changes to Rate 23. The Commission concludes that it is reasonable and a fair balancing of the interests of the Company and its customers to approve the Rate Design as part of the Settlement Agreement. No party opposes this, and all Settling Parties support this as reasonable within the context of the Settlement Agreement. Further, this finding is supported by the testimony of AARP witness Myers.

R. Remove Certain Other Expenses

During the course of this proceeding, the Company provided an update to include an adjustment to remove certain non-allowable expenses that should be excluded from

calculating rates to be charged to customers (Adjustment #42). (Sullivan Direct p. 15, ll. 12-14). The Company's updated adjustment proposed to adjust retail other O&M expenses by (\$493,000), taxes other than income by (\$54,000), income taxes by \$136,000, construction work in progress by (\$1,022,000), and working capital by (\$62,000). (Sullivan Direct p. 15, ll. 15-18).

ORS proposes to adjust other O&M expenses by (\$570,000), taxes other than income by (\$59,000), income taxes by \$157,000, construction work in progress by (\$1,022,000), and working capital by (\$71,000). ORS's adjustment correctly removed lobbying expenses identified by the Company. (Sullivan Direct p. 16, ll. 12-14). The Company did not contest ORS's proposed adjustment.

1. Settlement Agreement

The Comprehensive Settlement Agreement adjustment also reduces 2019 test year other O&M expenses by an additional \$766,000 related to certain V.C. Summer Units 2 and 3 metered accounts being transferred to Santee Cooper. (Hearing Exhibit No. 38, ¶ 25; Order Exhibit No. 1, ¶ 25). As a result, the Comprehensive Settlement Agreement adjustment to remove certain non-allowable expenses adjusts retail other O&M expenses by (\$1,336,000), taxes other than income by (\$59,000), income taxes by \$348,000, construction work in progress by (\$1,022,000), and working capital by (\$167,000). ORS's Adjustment #42 was accepted as part of the Agreement.

2. Commission Finding

The Commission finds the Settlement Agreement, including its treatment of Adjustment #42, to be just and reasonable.

S. VCS Outage Accrual

ORS does not object to the Company's proposal to extend the VCS Outage Accrual for another five-outage cycle that would include refueling outages twenty-six through thirty and the Company's proposal for the new accrual amount to include the under-collected balance of \$3,156,176, along with the estimated costs of refueling outages twenty-six through thirty of \$126,247,392 with the exception of contingency costs. (Bickley Direct p. 23, ll 8-10). ORS recommends removal of the contingency costs identified by DESC totaling \$5,000,000 (\$1,000,000 per outage) as shown in the Direct Testimony of ORS witness Briseno, as the Company does not provide support or justification for the contingency costs. (Bickley Direct p. 25, ll. 4-6). The contingency costs are based on events that may or may not occur and are not, therefore, "known and measurable." (Bickley Direct p. 25, ll. 7-8).

The Company did not oppose ORS's recommendation to remove contingency costs.

1. Settlement Agreement

The comprehensive Settlement Agreement, into which all Settling Parties to this proceeding entered, states in paragraph four that the parties agree to accept and adopt all recommendations, adjustments, and customer protections in the testimony and exhibits of ORS witnesses unless specifically modified by the Agreement.⁴⁷

⁴⁷ Hearing Exhibit No. 38, ¶ 4; Order Exhibit 1, ¶ 4.

2. Commission Finding

The Commission finds the Settlement Agreement, including its treatment of the VCS Outage Accrual, to be just and reasonable. Under the terms of the Settlement Agreement, the Company will be allowed to extend the VCS Outage Accrual for another five-outage cycle that would include refueling outages twenty-six through thirty and the Company's proposal for the new accrual amount to include the under-collected balance of \$3,156,176, along with the estimated costs of refueling outages twenty-six through thirty of \$126,247,392 with the exception of contingency costs. The \$5,000,000 in contingency costs will be removed, as recommended by ORS witness Briseno.

T. Uncontested, Fallout, and Other Adjustments

The Commission finds the following uncontested adjustments updated to account for the Settlement Agreement to be just and reasonable. The below adjustments are, therefore, approved in accordance with the terms of the Settlement Agreement:

1. Remove Employee Clubs (#4)
2. Annualize Depreciation Current Rates (#5)
3. Annualize Insurance Expense (#8)
4. Remove Amounts Associated with DSM (#10)
5. Annualize Other Post-Employment Benefits (#11)
6. Adjust Fuel Inventory (#12)
7. Normalize Test Year Purchase Power from GENCO (#14)
8. Voluntary Retirement Program (#16)
9. Adjust Test Year Taxes (#25)
10. Tax Reform Refund (#26)

11. Amortize Capacity Purchases (#27)
12. Environmental Compliance Study (#28)
13. Kapstone Gain (#29)
14. Facility Charge (#33)
15. Amortization of Columbia & Charleston Franchise Agreements (#34)
16. Unrecovered Plant Amortization (#35)
17. Local Business Offices (#37)
18. PSC Support Fees (#39)
19. Projected Capital Spend (#40)
20. Tax Effect of Annualized Interest (#41)
21. Customer Growth Factor (#43)

Additionally, the Commission finds that Adjustment 13 (Remove SRS Refund Reversal Impact from Revenue) is just and reasonable. (Bickley Direct 3-5). The effect of this adjustment decreases Test Year revenue by \$900,259 on a total system basis and \$870,000 retail. *Id.*

For any adjustments not otherwise specifically addressed in this Order, the Commission finds it is fair and reasonable to adopt the adjustments contemplated in the Settlement Agreement and its attachments.

VII. FINDINGS OF FACT

The Commission finds that the following are just and reasonable:

1. The terms of the Settlement Agreement.

2. Granting DESC the opportunity to earn a 9.50% ROE with a cost of debt of 5.56% and a capital structure consisting of 51.62% equity and 48.38% debt after proforma adjustments.

3. The revenues detailed in Order Exhibit 1, Settlement Agreement Attachment A.

4. The adjustments as discussed and listed previously in this Order and those detailed in Order Exhibit No. 1, Settlement Agreement Attachment A.

5. The proposed accounting and pro forma adjustments appended to Order Exhibit No. 1, Settlement Agreement Attachment A.

6. A base revenue increase of approximately \$61.6 million on an adjusted test-year basis.

7. For DESC to return to customers the Unprotected Property related EDIT via a Decrement Rider beginning with all bills rendered on or after September 1, 2021, and concluding when the total balance of the Unprotected Property related EDIT, which will equal approximately \$99.5 million as of September 1, 2021 (grossed up for taxes), is depleted. To base the Decrement Rider on Test Year retail energy usage; for the Decrement Rider to appear as a separate line item on customer bills rendered monthly; to calculate the Decrement Rider to effectively limit the overall rate impact on customers, until the EDIT is exhausted, to a net annual increase of approximately \$35.6 million; and for DESC to continue to return the Unprotected Property related EDIT via the Decrement Rider in the manner described above until the full balance of Unprotected Property related EDIT of \$99.5 million is depleted regardless of any change to the federal tax rate that may occur in the future or any general rate proceeding filed by DESC.

8. The overall impact on customers of the rates and charges ordered herein is a reduction from the Company's Application of approximately \$142.4 million or 80%.

9. The monthly Basic Facility Charge for residential customers under Rate 8 to increase from \$9.00 to \$9.50, for the Basic Facilities Charge for the remaining residential customer classifications to remain unchanged, and for the remaining revenue requirement to be collected by increasing the per kWh volumetric rates.

10. The adoption of the Rate Design summarized in Order Exhibit No. 1, Settlement Agreement Attachment B and to allocate EDIT among customer classes as set forth in Order Exhibit No. 1, Settlement Agreement Attachment C. The adoption of the customer class allocations reflected in Order Exhibit No. 1, Settlement Agreement Attachment D, which reduce interclass rate subsidies.

11. The Company's rates resulting from the Settlement Agreement are designed to recover the revenue requirement in an equitable and reasonable manner.

12. All proposals and recommendations set forth in Order Exhibit No. 1, Settlement Agreement Attachments A, B, C, and D.

13. For DESC to conduct a lead-lag study to calculate working capital for use in its next electric general rate proceeding.

14. The elimination of earnings-based incentive compensation from recovery in this rate proceeding.

15. For DESC to provide a cost benefit analysis to include an economic justification for any future grid investment plan cost recovery in a future general rate proceeding.

16. The amendment of the language of DESC's Rate 23 tariff as provided in Order Exhibit No. 1, Settlement Agreement paragraph 18.

17. DESC's withdrawal of its request for the implementation of a Storm Damage Reserve Rider from consideration in this proceeding and to continue to allow DESC to defer incremental storm expenses exceeding \$2.5 million per year.

18. The filing by DESC of public quarterly reports on the capital expenditures at the Company's three coal plants: Wateree, Williams, and Cope until the new Commission-ordered coal retirement studies are complete.

19. The reduction of DESC's Test Year expenses by \$766,000 related to certain V.C. Summer Units 2 and 3 metered accounts being transferred to Santee Cooper.

20. The reduction of the proposed increase to the Major Maintenance Accrual by \$4.3 million related to recent reductions to turbine maintenance contracts at Jasper Station and Columbia Energy Center.

21. The recovery by DESC of 100% of its transmission investments as requested by the Company in this proceeding.

22. All recommendations and customer protections in the testimony and exhibits of ORS witnesses, except as specifically modified by the Settlement Agreement.

23. All other rate design and schedule changes not otherwise modified by ORS or Order Exhibit No. 1 and that were proposed by the Company.

24. The Application, testimony, exhibits, affidavits of publication, and public notices submitted by the Company comply with the procedural requirements of the South Carolina Code of Laws and the Regulations promulgated by this Commission.

VIII. CONCLUSIONS OF LAW

1. The matters described in the Findings of Fact in Items 1-23 above are not only just and reasonable, but are also in the public interest and are supported by the reliable, probative, and substantial evidence on the whole record - as detailed in this Order supra.

IX. ORDERING PARAGRAPHS

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement is approved in its entirety.
2. DESC is authorized the opportunity to earn a 9.50% ROE, a cost of debt of 5.56%, and a capital structure consisting of 51.62% equity and 48.38% debt.
3. The revenues detailed in Order Exhibit No. 1, Settlement Agreement Attachment A, are just and reasonable.
4. The adjustments as discussed and listed above in this Order, and those detailed in Order Exhibit No. 1, Settlement Agreement Attachment A, are adopted for ratemaking purposes.
5. The proposed accounting and pro forma adjustments appended to Order Exhibit No. 1, Settlement Agreement Attachment A, are adopted for ratemaking purposes.
6. DESC is permitted a base revenue increase of approximately \$61.6 million on an adjusted test-year basis.
7. DESC shall return to customers the Unprotected Property related EDIT via a Decrement Rider beginning with all bills rendered on or after September 1, 2021, and concluding when the total balance of the Unprotected Property related EDIT, which will equal approximately \$99.5 million as of September 1, 2021 (grossed up for taxes), is

depleted. DESC shall base the Decrement Rider on Test Year retail energy usage; the Decrement Rider shall appear as a separate line item on customer bills rendered monthly; DESC shall calculate the Decrement Rider to effectively limit the overall rate impact on customers, until the EDIT is exhausted, to a net annual increase of approximately \$35.6 million; and DESC shall continue to return the Unprotected Property related EDIT via the Decrement Rider in the manner described above until the full balance of Unprotected Property related EDIT of \$99.5 million is depleted regardless of any change to the federal tax rate that may occur in the future or any general rate proceeding filed by DESC.

8. The monthly Basic Facility Charge for residential customers under Rate 8 shall be \$9.50. The Basic Facilities Charge for the remaining residential customer classifications will remain unchanged, and the remaining revenue requirement will be collected by increasing the per kWh volumetric rates.

9. The Rate Design summarized in Order Exhibit No. 1, Settlement Agreement Attachment B, is adopted and EDIT shall be allocated among customer classes as set forth in Order Exhibit No.1, Settlement Agreement Attachment C. The customer class allocations reflected in Order Exhibit 1, Settlement Agreement Attachment D, reducing interclass rate subsidies are also adopted.

10. The Company shall implement the rates resulting from the Settlement Agreement.

11. All proposals and recommendations set forth in Order Exhibit No. 1, Settlement Agreement Attachments A, B, C, and D, are adopted.

12. DESC shall conduct a lead-lag study to calculate working capital for use in its next electric general rate proceeding.

13. Earnings-based incentive compensation is eliminated from recovery in this rate proceeding.

14. DESC shall provide a cost benefit analysis to include an economic justification for any future grid investment plan cost recovery in a future general rate proceeding.

15. The language of DESC's Rate 23 tariff shall be modified as provided in Order Exhibit No. 1, Settlement Agreement paragraph 18.

16. DESC's request to withdraw its proposal for the implementation of a Storm Damage Reserve Rider from consideration in this proceeding is granted. DESC may seek implementation of a Storm Damage Reserve Rider in a future general rate case proceeding. DESC may continue deferring incremental storm expenses exceeding \$2.5 million per year.

17. DESC shall file public quarterly reports on the capital expenditures at the Company's three coal plants: Wateree, Williams, and Cope until the new Commission-ordered coal retirement studies are complete. The quarterly capital expenditure reports shall include the following information: projected and actual capital expenditures, a list of all capital expenditure projects over \$1 million; historic generation by unit (MWh); and Plant in Service Balances. The quarterly report shall be filed in a form similar to the form set forth in Order Exhibit No. 1, Settlement Agreement Attachment E.

18. DESC's 2019 Test Year expenses related to certain V.C. Summer Units 2 and 3 metered accounts being transferred to Santee Cooper shall be reduced by \$766,000.

19. The proposed increase to the Major Maintenance Accrual shall be reduced by \$4.3 million to account for the recent reductions to turbine maintenance contracts at Jasper Station and Columbia Energy Center.

20. DESC is permitted to recover 100% of its transmission investments as requested by the Company in this proceeding.

21. All recommendations and customer protections in the testimony and exhibits of ORS witnesses, except as specifically modified by Order Exhibit No. 1, are adopted.

22. All amortization of deferred items will be at the amount established by this Order and remain in effect until the deferred balance is fully recovered or returned.

23. All other rate design and schedule changes not otherwise modified by ORS or Order Exhibit No. 1 and that were proposed by the Company are adopted.

24. DESC shall not file for a general rate case before July 1, 2023, such that new rates will not be effective prior to January 1, 2024, except where necessary due to unforeseen extraordinary economic or financial conditions which may include, but not be limited to, changes in tax rates. DESC shall fully document its reasoning, should it file a general rate case prior to July 1, 2023 under this exception.

25. DESC shall double the annual commitment to \$1.5 million to Energy Share in 2021 and 2022, \$500,000 of which will be used to support small general service customers. This annual commitment will be funded by Dominion Energy Shareholders and therefore the Company will not seek recovery from customers.

26. DESC will give up to \$30 million from Dominion Energy Shareholders as detailed in Order Exhibit No. 1, paragraph 20.

27. DESC will initiate a stakeholder process within 90 days after the Commission issues a final order approving the terms of the Settlement Agreement as detailed in Order Exhibit No. 1, paragraph 21. The purpose of this stakeholder process is

to examine an electricity affordability program for DESC's low-income customers and issues related to such a program.

28. Revised tariffs shall be filed within 10 days of receipt of this Order, consistent with the Commission's Rules and Regulations. The tariffs should be electronically filed in a text searchable PDF format using the Commission's DMS System (<https://dms.psc.sc.gov>). An additional copy should be sent via email to etariff@psc.sc.gov to be included in the Commission's ETariff System (<http://etariff.psc.sc.gov>.) Future revisions should be made using the ETariff System. The tariffs shall be consistent with the findings of this Order and agreements with the other parties to this case. DESC shall provide a reconciliation of each tariff rate change approved as a result of this order to each tariff rate revision filed in the ETariff System. Such reconciliation shall include an explanation of any differences and be submitted separately from the Company's ETariff System filing.

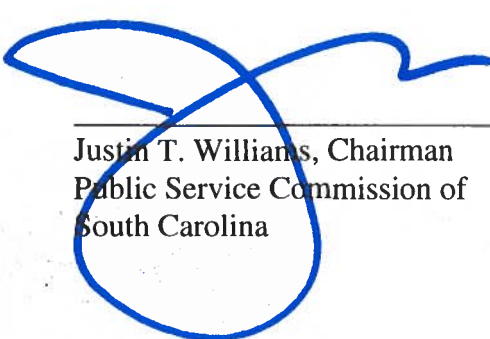
29. The rates, fees, and charges set forth in Order Exhibit No. 2,⁴⁸ and its attachments are fair and reasonable and will allow DESC to provide its customers with reliable and high-quality electric service.

30. DESC shall charge the rates approved herein for bills rendered on or after September 1, 2021. The schedules will be deemed filed with the Commission under S.C. Code Ann. § 58-27-870.

⁴⁸ Order Exhibit No. 2 consists of the rate schedules as detailed in Hearing Exhibit No. 40, or Settlement Exhibit AWR-3.

31. This Order shall remain in full force and effect until further Order of this Commission.

BY ORDER OF THE COMMISSION:



Justin T. Williams, Chairman
Public Service Commission of
South Carolina

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2020-125-E

July 2, 2021

IN RE:	Application of Dominion Energy South Carolina, Incorporated for Adjustment of Rates and Charges) COMPREHENSIVE) SETTLEMENT) AGREEMENT
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Pursuant to S.C. Code Ann. §1-23-320(F), and all other applicable statutes and regulations, this Settlement Agreement (“Settlement Agreement”) is made by and among; AARP South Carolina (“AARP”); Frank Knapp, Jr. (“Frank Knapp”); Sierra Club and the Natural Resources Defense Council (“Sierra Club”); the Southern Alliance for Clean Energy and South Carolina Coastal Conservation League (“SACE/CCL”); the South Carolina Department of Consumer Affairs (“DCA”); South Carolina Energy Users Committee (“SCEUC”); the United States Department of Defense and all other Federal Executive Agencies (“DOD/FEA”); Walmart Inc. (“Walmart”); the South Carolina Office of Regulatory Staff (“ORS”); and, Dominion Energy South Carolina, Incorporated (“DESC” or the “Company”) (collectively referred to as the “Parties” or sometimes individually as “Party”). Counsel for CMC Steel South Carolina (“CMC”) has indicated that CMC does not oppose the settlement or this Settlement Agreement. Accordingly, this Settlement Agreement is comprehensive both in the scope of issues before the Public Service Commission of South Carolina (“Commission”) in this proceeding as well as its inclusion of all parties of record before the Commission in this proceeding.

WHEREAS, the Company prepared and filed an Application for Increase in Rates and Charges (the “Application”);

WHEREAS, the above-captioned proceeding has been established by the Commission pursuant to the procedure set forth in S.C. Code Ann. § 58-27-810 *et seq.*, and the Parties to this Settlement Agreement are parties of record in the above-captioned docket;

WHEREAS, ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B);

WHEREAS, ORS conducted an examination of the books and records of the Company relative to: the matters raised in the Application; test-period revenues, operating expenses, depreciation and taxes paid by the Company; rate base, plant in service, construction work in progress, working capital, capital expenditures; and other relevant accounting matters;

WHEREAS, ORS also examined all accounting and pro forma adjustments proposed by the Company, the Company’s cost of service study and rate design, the Company’s capital structure and cost of capital, and information related to the Company’s operations;

WHEREAS, the Parties have varying positions regarding the issues in this case;

WHEREAS, the Parties sought the Commission’s permission for a “pause” in the proceedings to permit the Parties to explore the possibility of a settlement of some or all of the issues in this proceeding;¹

¹ See Letter filed by ORS on January 11, 2021, which stated, “[b]ased upon the testimony and evidence presented to the Commission up to this point and the extraordinary circumstances confronting citizens and ratepayers, ORS offers its recommendation to Dominion Energy South Carolina, Incorporated, to all parties in this proceeding, and to the [...Commission], that a ratemaking ‘pause’ be considered and permitted for a minimum of six (6) months beyond the pending deadline to issue a regulatory decision.”

WHEREAS, On January 11, 2021, the Commission issued Order No. 2021-18, which granted the Parties a “pause” to allow additional time to discuss the possibility of a settlement agreement.²

WHEREAS, subject to the Commission’s approval for a “pause,” the Parties engaged in discussions to determine if a settlement of some or all of the issues would be in their best interests and, in the case of ORS, in the public interest; and,

WHEREAS, following those discussions, the Parties determined that their interests, the DCA determined the consumer’s interest,³ and ORS determined that the public interest, would be best served by stipulating to this comprehensive settlement of all issues raised by the Parties and pending in the above-captioned case under the terms and conditions set forth herein;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms, which, if adopted by the Commission in its Order on the merits of this proceeding, will result in rates and charges that are lawful, just, reasonable, and supported by the evidence in the record of this proceeding, and will allow the Company the opportunity to earn a reasonable rate of return.

**A. STIPULATION OF SETTLEMENT AGREEMENT, TESTIMONY AND WAIVER
OF CROSS-EXAMINATION**

1. The Parties agree to stipulate into the record before the Commission the pre-filed testimony and exhibits (collectively, the “Stipulated Testimony”), including any testimony and exhibits supporting approval of this Settlement Agreement pre-filed with the Commission subsequent to the execution of this Agreement, of the following witnesses without objection, change, amendment or cross-examination with the exception of changes comparable to those that

² See Commission Order No. 2021-18.

³ The DCA’s mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education. Consumer interest for the purpose of DCA’s representation includes South Carolina residents who purchase utility services primarily for a personal, family or household use.

would be presented via an errata sheet⁴ or through a witness noting a correction consistent with this Settlement Agreement. The Parties also reserve the right to engage in redirect examination of witnesses as necessary to respond to issues raised by the examination of their witnesses, if any, by non-Parties, parties that are not signatories to this Settlement Agreement, the Commission or by late-filed testimony by non-Parties.

DESC witnesses:⁵

1. James W. Neely
2. Alison M. Nawrocki
3. Allen W. Rooks⁶
4. P. Rodney Blevins
5. W. Keller Kissam

Sierra Club witness:

1. Dr. Elizabeth A. Stanton
2. Will Harlan⁷

DOD/FEA witnesses:

1. Dr. Zhen Zhu
2. Mark Garrett⁸

Walmart witness:

1. Lisa V. Perry⁹

AARP witness:

1. Scott J. Rubin

⁴ The Parties agree that Company witness Keith C. Coffey, Jr. can correct his rebuttal testimony to revise a date on Page 6, Line 15 related to the recovery of the Canadys plant closure costs. During the year-end close-out for the Company, Mr. Coffey became aware of information the date contained in the pre-filed rebuttal testimony should be updated to a date different from that testified to at the hearing. The Parties agree that this correction does not impact any settlement terms or conditions, but corrected rebuttal testimony is warranted in order to present the Commission with complete and accurate information.

⁵ The Direct and Rebuttal Testimonies of DESC witnesses Blevins, Kissam, Griffin, Vander Weide, Elbert, Long, Spanos, Coffey, Kochems, and the Rebuttal Testimonies of DESC witnesses Freeman, Fetter, Whiteley, Delk, and Parker have already been entered into the record and that testimony, along with all questions from counsel and Commissioners, shall remain in the record.

⁶ Subsequent to filing this Settlement Agreement, DESC witnesses Rooks, Blevins, and Kissam plan to file Settlement Testimony with the Commission in support of this Settlement Agreement.

⁷ Subsequent to filing this Settlement Agreement, Sierra Club witness Harlan plans to file Settlement Testimony with the Commission in support of this Settlement Agreement.

⁸ Subsequent to filing this Settlement Agreement, DOD/FEA witness Garrett plans to file Settlement Testimony with the Commission in support of this Settlement Agreement.

⁹ Subsequent to filing this Settlement Agreement, Walmart witness Perry plans to file Settlement Testimony with the Commission in support of this Settlement Agreement.

2. Emma Myers¹⁰

DCA witnesses:

1. Scott Hempling
2. Aaron Rothschild
3. David Dismukes

SCEUC and DCA witness:

1. Edward G. McGavran

SCEUC witnesses:

1. Kevin W. O'Donnell

ORS witnesses:

1. Ryder C. Thompson
2. Anthony M. Sandonato
3. Dr. J. Randall Woolridge
4. Daniel F. Sullivan
5. William C. Kleckley
6. Anthony D. Briseno
7. David J. Garrett
8. Lane Kollen
9. Brandon S. Bickley
10. Michael L. Seaman-Huynh
11. Dawn M. Hipp¹¹

2. The Parties agree to offer no other evidence in the proceeding other than the Stipulated Testimony and exhibits and this Settlement Agreement unless the additional evidence is to support the Settlement Agreement, consists of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction or clarification, consists of a witness adopting the testimony of another if permitted by the Commission, or is responsive to issues raised by examination of the Parties' witnesses by non-Parties, parties which are not signatories to this Settlement Agreement, the Commission, or by late-filed testimony by non-

¹⁰ Subsequent to the filing of this Settlement Agreement, AARP witness Myers plans to file Settlement Testimony with the Commission in support of this Settlement Agreement.

¹¹ Subsequent to the filing of this Settlement Agreement, ORS witness Hipp plans to file Settlement Testimony with the Commission in support of this Settlement Agreement.

parties. The Parties agree that nothing herein will preclude each party from advancing its respective positions in the event that the Commission does not approve the Settlement Agreement.

B. SETTLEMENT TERMS

3. As a compromise to positions advanced by the Parties, the Parties agree to the proposal set out immediately below, and this proposal is hereby adopted, accepted, and acknowledged as the final agreement of the Parties.

4. Without prejudice to the position of any Party in future proceedings, the Parties agree to accept and adopt all recommendations, adjustments, and customer protections in the testimony and exhibits of ORS witnesses unless specifically modified by this Settlement Agreement.

Return on Common Equity, Revenue and Capital Structure

5. For purposes of this Settlement Agreement, and in recognition of the mutual compromises contained herein, the Parties further agree that the Application, Stipulated Testimony, and this Settlement Agreement conclusively demonstrate the following: (i) the proposed accounting and pro forma adjustments appended to the Settlement Agreement as Attachment A are fair and reasonable and should be adopted by the Commission for ratemaking and reporting purposes; (ii) the rates generate a revenue increase of approximately \$61.6 million on an adjusted test-year basis;¹² (iii) rates in this proceeding shall be established based on a 9.5% return on common equity (“ROE”) and a capital structure that includes 48.38% debt and 51.62% equity; and, (iv) the Company’s rates resulting from the Settlement Agreement are designed to

¹² Due to the Company’s return of the Unprotected Property related EDIT via a Decrement Rider, the overall impact on DESC’s customers is limited to a net annual revenue increase of approximately \$35.6 million, as further detailed in paragraph 6.

recover the revenue requirement in an equitable and reasonable manner, and are just and reasonable, and should be adopted by the Commission for service rendered by the Company.

6. DESC agrees to return to customers the Unprotected Property related Excess Deferred Income Tax ("EDIT") via a Decrement Rider (the "Decrement Rider") beginning with all bills rendered after Commission approval of this Settlement Agreement and concluding when the total balance of the Unprotected Property related EDIT, which will equal approximately \$99.5 million as of September 1, 2021 (grossed up for taxes), is depleted.¹³ The Decrement Rider shall be based on test year retail energy usage and shall appear as a separate line item on customer bills rendered monthly. The Decrement Rider shall be calculated to effectively limit the overall rate impact on customers, until the EDIT is exhausted, to a net annual increase of approximately \$35.6 Million. DESC agrees to continue to return the Unprotected Property related EDIT via the Decrement Rider in the manner described above until the full balance of Unprotected Property related EDIT of \$99.5 million is depleted regardless of any change to the federal tax rate that may occur in the future or any general rate proceeding filed by DESC.

7. In its Application, the Company sought approval of an ROE of 10.25% and requested a revenue increase of approximately \$178 million, or 7.75%, based on the adjusted test year data. This Settlement Agreement provides for an ROE of 9.5% and a revenue increase of approximately \$61.6 million. However, using the Decrement Rider to return the Unprotected Property related EDIT to DESC's customers serves to reduce the overall impact on customers to a net annual increase of approximately \$35.6 million until the EDIT is exhausted, which is a reduction from the Company's Application of approximately \$142.4 million or 80%. With this

¹³ This method of giving back a utility's Unprotected Property related EDIT to the utility's customers has previously been approved by this Commission in Order Nos. 2019-341 and 2019-323 and is currently occurring for both Duke Energy Carolinas, LLC and Duke Energy Progress, LLC.

Settlement Agreement, a residential customer using 1,000 kWh per month would see a monthly increase of approximately \$1.81 (a 1.46% increase); whereas, based upon the Company's Application a residential customer using 1,000 kWh per month would have seen an increase of approximately \$9.68.

8. The Parties agree that the monthly Basic Facility Charge for residential customers under Rate 8 will increase to \$9.50. The Basic Facilities Charge for the remaining residential customer classifications will remain unchanged. The remaining revenue requirement will be collected by increasing the per kWh volumetric rates.

9. The Parties agree that the proposals and recommendations set forth in this Settlement Agreement will result in a Rate Design summarized in Attachment B, which sets forth the allocation of the revenue increase among customer classes. The Parties further agree that these proposals and recommendations will result in allocation of the EDIT among customer classes as set forth in Attachment C.

10. As stated above, the Parties agree that the approximately \$35.6 million¹⁴ revenue increase will be allocated among the rates and customer classes as shown in Attachment D to this Settlement Agreement. Attachment D reflects the proposed base rate increase as shown in Attachment B, as well as the respective rates of return by customer class. The Parties agree that the proposed allocations reflected in Attachment D are just and reasonable and represent an appropriate reduction in this proceeding to interclass rate subsidies.

¹⁴ Total Retail revenue to be recovered in rates shown on Attachment B is \$61.6 million. The difference is due to the offset created by the return of the Unprotected Property related EDIT via a Decrement Rider, and, as noted above, a summary of the allocation of the Decrement Rider by customer class is set forth in Attachment C.

11. The Parties agree to accept, for purposes of this Settlement Agreement, all proposals and recommendations set forth in Attachments A, B, C, and D to the Settlement Agreement.

12. Rates will be effective beginning with bills rendered on and after September 1, 2021.

Other

13. DESC agrees to not file for a general rate case before July 1, 2023, such that new rates will not be effective prior to January 1, 2024, except where necessary due to unforeseen extraordinary economic or financial conditions which may include, but not be limited to, changes in tax rates.

14. DESC agrees to double the annual commitment to \$1.5 million to Energy Share in 2021 and 2022, \$500,000 of which will be used to support small general service customers. This annual commitment will be funded by Dominion Energy Shareholders and therefore the Company will not seek recovery from customers.

15. DESC agrees to conduct a lead-lag study to calculate working capital for use in its next electric general rate proceeding.

16. DESC agrees to eliminate earnings based incentive compensation from recovery in this rate proceeding.

17. DESC agrees to provide a cost benefit analysis to include an economic justification for any future grid investment plan cost recovery in a future general rate proceeding.

18. For Rate 23, DESC agrees to add the underlined language and delete the language so notated below:

- a. This rate is available to any customer with an average annual load factor of 60% or higher based on On-Peak CP demand using the Company's standard service for

power and light requirements and having a contract demand of 1,000 KW or over. It is not available for resale service.

- b. DESC agrees to delete the language: “classified in the major industrial group of manufacturing with 10-14 or 20-39 as the first two digits of the Standard Industrial Classification or 21 or 31-33 as the first two digits of the six digit North American Industry Classification System.”
- c. Nothing in the language above shall affect any customer currently taking service on Rate 23 or prevent any existing, or eligible, Rate 23 customer from renewing, or entering into, a tariff or contract for service under Rate 23.
- d. Should a load factor threshold be incorporated into the availability criteria of Rate 23 the Company will evaluate Rate 24 accounts that may be eligible to convert to Rate 23 and incorporate those accounts as Rate 23 billing units for purposes of calculating final rate case rates for Larger General Service Customers.

19. DESC agrees to withdraw its current request for the implementation of a Storm Damage Reserve Rider from consideration in this proceeding. Implementation of a Storm Damage Reserve Rider may be considered in a future proceeding. DESC will be allowed to continue to defer incremental storm expenses exceeding \$2.5 million per year. Additional deferrals will be added to the existing deferred storm costs regulatory asset with the amortization of this deferral, as provided in this proceeding, continuing until it is fully amortized or adjusted in the next general rate proceeding.

20. DESC commits to give up to \$30 million from Dominion Energy Shareholders as follows (a) up to \$15 million to forgive *pro rata* share balances more than 60 days past due for all electric customer classes as of May 31, 2021; and (b) \$15 million to fund a combination of energy-efficiency upgrades and critical health and safety repairs that may be required in order for a home to receive energy efficiency upgrades to be administered by the South Carolina Office of Economic Opportunity (OEO), assuming that it can accept the funds without threatening its federal allocation of weatherization assistance program funds (and if not, to commit that same amount of Shareholder funds to a comparable low-income energy efficiency effort). DESC commits to work with OEO (or other program-implementing agency) to document and report on the additional energy savings

achieved from the Shareholder funds for low-income households. DESC commits to initiate a stakeholder process to review and monitor the low-income weatherization efforts. This stakeholder process will also discuss how the arrearage forgiveness funds will be distributed to DESC's customers. Arrears forgiveness bill credits will be applied to active customers' bills within 90 days of a final order approving the terms of this Settlement Agreement.

21. DESC commits to initiate a stakeholder process within 90 days after the Commission issues a final order approving the terms of this Settlement Agreement. The Parties to this proceeding will be invited to become a member of the stakeholder group. The purpose of this stakeholder process is to examine an electricity affordability program for DESC's low-income customers and address the need for legislation to implement such a program. The electricity affordability program may provide for: (1) an affordable payment program that provides a discount to eligible customers on their monthly bills, or caps their monthly bills based on income; (2) an arrearage crediting or arrearage management program. DESC will open a docket at the Commission and all information from stakeholder meetings will be filed in such docket. In this process, DESC will expressly evaluate a Percentage of Income Payment Program and Arrearage Crediting Program modeled after those offered by Dominion East Ohio.

22. If the Commission approves the terms of this Settlement Agreement, the Parties agree that DESC's motion to strike the expert testimony of Scott Hempling is moot.

23. This Settlement Agreement confirms DESC's withdrawal of its proposed amendments to Section V, General Terms and Conditions ("GT&Cs") as was made on the record at the hearing. All other amendments to the GT&C's are accepted as proposed by the Company in its Application, to include the Amendments to Section IV proposed in ORS's pre-filed direct testimony.

24. The Company agrees to file public quarterly reports on the capital expenditures at the Company's three coal plants: Wateree, Williams and Cope until the new Commission-ordered coal retirement studies are complete. The quarterly capital expenditure reports shall include the following information: projected and actual capital expenditures, a list of all capital expenditure projects over \$1 million; historic generation by unit (MWh); and Plant in Service Balances. The quarterly report shall be filed in a form similar to the form set forth in Attachment E.¹⁵

25. DESC agrees to reduce 2019 test year expenses by \$766,000 related to certain V.C. Summer Units 2 and 3 metered accounts being transferred to Santee Cooper.

26. DESC agrees to reduce the proposed increase to the Major Maintenance Accrual by \$4.3 million related to recent reductions to turbine maintenance contracts at Jasper Station and Columbia Energy Center.

27. DESC shall be allowed to recover 100% of its transmission investments as requested by the Company in this proceeding.

28. The Parties agree that all other rate design and schedule changes not otherwise modified by ORS or above and that were proposed by the Company are considered just and reasonable.

C. REMAINING SETTLEMENT TERMS AND CONDITIONS

29. The Parties agree that this Settlement Agreement is reasonable, is in the public interest, and is in accordance with law and regulatory policy. This Settlement Agreement in no way constitutes a waiver or acceptance of the position of any Settling Party in any future proceeding. This Settlement Agreement does not establish any precedent with respect to the issues

¹⁵ Attachment E consists of two parts: Attachment E (Part 1) and Attachment E (Part 2).

resolved herein and in no way precludes any Party herein from advocating an alternative position in any future proceeding.

30. ORS is charged with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B). S.C. Code Ann. § 58-4-10(B) reads in part:

... 'public interest' means the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes this Settlement Agreement reached among the Parties is in the public interest as defined above.

31. The Parties agree that this Settlement Agreement must be read and construed as a whole and to cooperate in good faith with one another in recommending and advocating to the Commission that this Settlement Agreement be accepted and approved by the Commission in its entirety as a fair, reasonable and full resolution of all issues currently pending in the above-captioned proceeding, and to take no action inconsistent with its adoption by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

32. The Parties offer this Settlement Agreement to the Commission in its entirety as a comprehensive settlement which is the product of extensive negotiations between the parties. As such, the Parties ask the Commission to approve this comprehensive Settlement Agreement in its entirety without exception, modification, or additional provisions.

33. To the greatest extent possible, when engaging before media, stakeholders, and social media outlets, all Parties will support and make a good faith effort to advocate for Commission approval of this Settlement Agreement.

34. The Parties on behalf of themselves and their agents (including but not limited to their attorneys, hired consultants, and any independent contractors) agree that they have entered into this Settlement Agreement freely and voluntarily and that none of them have been pressured or unduly encouraged to enter into this Settlement Agreement.

Notwithstanding anything to the contrary in this Settlement Agreement, the Parties are permitted to (i) make disclosures required to comply with regulatory reporting requirements; (ii) provide information to attorneys and tax advisors; and (iii) comply with an order of a court of competent jurisdiction or as otherwise required by law.

35. The Parties agree that signing this Settlement Agreement (a) will not constrain, inhibit, impair, or prejudice their arguments or positions held in future or collateral proceedings; (b) will not constitute a precedent or evidence of acceptable practice in future proceedings; and (c) will not limit the relief, rates, recovery, or rates of return that any Party may seek or advocate for in any future proceeding. If the Commission declines to approve this Settlement Agreement in its entirety and without modification, then any Party may withdraw from the Settlement Agreement without penalty or further obligation.

36. This Settlement Agreement shall be interpreted according to South Carolina law.

37. This Settlement Agreement contains the final and complete agreement of the Parties. There are no other terms or conditions to which the Parties have agreed.

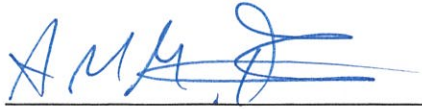
38. The Parties represent that the terms of this Settlement Agreement are based upon full and accurate information known as of the date this Settlement Agreement is executed. If, after execution, but prior to a Commission decision on the merits of this proceeding, a Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that

information upon which this Settlement Agreement is based, that Party may withdraw from the Settlement Agreement with immediate written notice to every other Party.

39. This Settlement Agreement shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.

40. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement, by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

Representing the South Carolina Office of Regulatory Staff



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Representing Dominion Energy South Carolina, Inc.



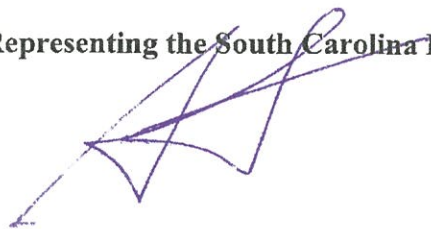
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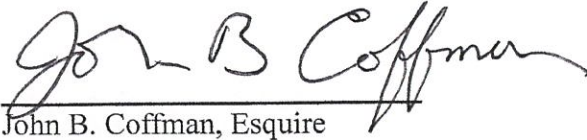
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Representing AARP South Carolina

A handwritten signature in black ink that reads "John B. Coffman". The signature is fluid and cursive, with the first name "John" and last name "Coffman" clearly legible, and "B." in the middle.

John B. Coffman, Esquire

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Representing CMC Steel South Carolina¹⁶

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¹⁶ While not a signatory, counsel for CMC has indicated that CMC does not oppose the settlement or this Settlement Agreement.

Representing the South Carolina Department of Consumer Affairs



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**Representing South Carolina Coastal Conservation League and Southern Alliance for
Clean Energy**



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/s/Stephanie Eaton
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A handwritten signature in black ink, appearing to read 'D. Jaffe', written over a horizontal line.

Dorothy E. Jaffe, Esquire

Sierra Club

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Email: dori.jaffe@sierraclub.org

Robert Guild, Esquire

Robert Guild—Attorney at Law

314 Pall Mall Street

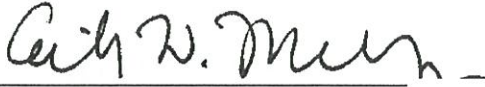
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Representing United States Department of Defense and all other Federal Executive Agencies

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Representing Frank Knapp, Jr.

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Dominion Energy South Carolina, Inc.
Operating Experience, Rate Base and Rate of Return
Total and Retail Electric
For the Test Year Ended December 31, 2019
Docket No. 2020-125-E

		(000's Omitted)					
		Total Electric	RETAIL ELECTRIC				
		(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Total Per Books	Retail Per Books	Accounting & Pro Forma Adjustments	After Accounting & Pro Forma Adjustments	Proposed Adjustment	After Proposed Adjustment
1	<u>Operating Revenues</u>	\$ 1,526,706	\$ 1,475,939	\$ 591,432 (A)	\$ 2,067,371	\$ 61,611 (O)	\$ 2,128,982
2	<u>Operating Expenses:</u>						
3	O&M Expenses - Fuel	602,989	579,928	(12,152) (B)	567,776	-	567,776
4	O&M Expenses - Other	576,105	562,624	(21,811) (C)	540,813	-	540,813
5	Depreciation & Amortization	408,395	398,814	(111,803) (D)	287,011	-	287,011
6	Taxes Other Than Income	211,565	206,906	14,495 (E)	221,401	329 (P)	221,730
7	Total Income Taxes	(39,627)	(41,376)	102,187 (F)	60,811	15,290 (Q)	76,101
8	<u>Total Operating Expenses</u>	<u>\$ 1,759,427</u>	<u>\$ 1,706,896</u>	<u>\$ (29,084)</u>	<u>\$ 1,677,812</u>	<u>\$ 15,619</u>	<u>\$ 1,693,431</u>
9	<u>Operating Income</u>	<u>\$ (232,721)</u>	<u>\$ (230,957)</u>	<u>\$ 620,516</u>	<u>\$ 389,559</u>	<u>\$ 45,992</u>	<u>\$ 435,551</u>
10	Customer Growth	-	-	2,466 (G)	2,466	291 (R)	2,757
11	Interest on Customer Deposits	(1,385)	(1,385)	-	(1,385)	-	(1,385)
12	<u>Net Operating Income for Return</u>	<u>\$ (234,106)</u>	<u>\$ (232,342)</u>	<u>\$ 622,982</u>	<u>\$ 390,640</u>	<u>\$ 46,283</u>	<u>\$ 436,923</u>
13	<u>Rate Base:</u>						
14	Gross Plant in Service	\$ 11,060,113	\$ 10,833,342	\$ 190,041 (H)	\$ 11,023,383	\$ -	\$ 11,023,383
15	Accum. Depr. & Amort.	4,557,095	4,455,452	124,030 (I)	4,579,482	-	4,579,482
16	Net Plant in Service	6,503,018	6,377,890	66,011	6,443,901	-	6,443,901
17	Construction Work In Progress	277,697	270,243	61,546 (J)	331,789	-	331,789
18	Deferred Debits/Credits	(571,242)	(560,117)	96,762 (K)	(463,355)	-	(463,355)
19	Total Working Capital	(42,362)	(27,682)	33,065 (L)	5,383	-	5,383
20	Materials & Supplies	409,894	396,488	2,569 (M)	399,057	-	399,057
21	Accum. Deferred Income Taxes	(923,131)	(905,047)	(58,063) (N)	(963,110)	-	(963,110)
22	<u>Total Rate Base</u>	<u>\$ 5,653,874</u>	<u>\$ 5,551,775</u>	<u>\$ 201,890</u>	<u>\$ 5,753,665</u>	<u>\$ -</u>	<u>\$ 5,753,665</u>
23	<u>Rate of Return</u>	<u>-4.14%</u>	<u>-4.19%</u>		<u>6.79%</u>		<u>7.59%</u>
24	<u>Return on Common Equity</u>		<u>-13.49%</u>		<u>7.94%</u>		<u>9.50%</u>

Dominion Energy South Carolina, Inc.
Explanation of Accounting and Pro Forma Adjustments - Retail Electric
For the Test Year Ended December 31, 2019
Docket No. 2020-125-E
(000's Omitted)

Adj. No.	(1) Revenues	(2) O & M Expenses Fuel	(3) O & M Expenses Other	(4) Deprec. & Amort. Expense	(5) Taxes Other Than Income	(6) State Income Taxes @ 5%	(7) Federal Income Taxes @ 21%	(8) Cust. Growth	(9) Plant in Service	(10) Accum. Deprec. and Amort.	(11) CWIP	(12) Deferred DBT/CRDT	(13) Working Capital	(14) Materials & Supplies	(15) ADIT
Description	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1 Annualize Wages, Benefits & Payroll Taxes															
Per Settlement Agreement			(1,802)		(127)	96	385						(225)		
Per Application			(1,223)		(86)	65	261						(153)		
2 Incentive Compensation Adjustment															
Per Settlement Agreement			(6,740)		(485)	361	1,442						(843)		
Per Application			(1,224)		(106)	66	265						(153)		
3 Annualized Health Care															
Per Settlement Agreement			(543)			27	108						(68)		
Per Application			3,054			(153)	(609)						382		
4 Remove Employee Clubs Investment and Expenses															
Per Settlement Agreement				(134)		7	27		(5,487)	(2,436)					
Per Application				(134)		7	27		(5,487)	(2,436)					
5 Annualize Depreciation Based on Current Rates															
Per Settlement Agreement				10,966		(548)	(2,188)			10,986					
Per Application				8,153		(408)	(1,627)			7,675					
6 Depreciation Study															
Per Settlement Agreement				(11,703)		585	2,335			(11,703)					
Per Application				6,985		(349)	(1,393)			6,985					
7 Annualize Property Taxes															
Per Settlement Agreement					1,303	(65)	(260)								
Per Application					13,964	(698)	(2,786)								
8 Annualize Insurance Expense															
Per Settlement Agreement			(1,734)			87	346						(217)		
Per Application			(1,734)			87	346						(217)		
9 Capital Cost Rider Adjustment															
Per Settlement Agreement	624,526			(126,923)	3,116	37,417	101,197		(2,605)	(1,214)					
Per Application	624,526			(126,923)	3,116	37,417	101,197		(2,605)	(1,214)					
10 Remove Amounts Associated with DSM															
Per Settlement Agreement	(31,722)		(13,318)		(158)	(912)	(3,640)						(1,665)		
Per Application	(31,722)		(13,318)		(158)	(912)	(3,640)						(1,665)		

Attachment A

Dominion Energy South Carolina, Inc.
Explanation of Accounting and Pro Forma Adjustments - Retail Electric
For the Test Year Ended December 31, 2019
Docket No. 2020-125-E
(000's Omitted)

Adj. No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Description	Revenues	O & M Expenses Fuel	O & M Expenses Other	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Taxes @ 5%	Federal Income Taxes @ 21%	Cust. Growth	Plant in Service	Accum. Deprec. and Amort.	CWIP	Deferred DBT/CRDT	Working Capital	Materials & Supplies	ADIT
11 Annualize Other Post-Employment Benefits (OPEB)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Per Settlement Agreement			134			(7)	(27)					(100)	17		
Per Application			258			(13)	(51)					(194)	32		
12 Adjust Fuel Inventory															
Per Settlement Agreement						0	0							(3,012)	
Per Application						0	0							(3,012)	
13 To Remove SRS Refund Reversal Impact From Revenue															
Per Settlement Agreement	(870)				(4)	(43)	(173)								
Per Application	(870)				(4)	(43)	(173)								
14 Normalize Test Year Purchase Power From GENCO															
Per Settlement Agreement		(12,152)				608	2,424								
Per Application		(12,152)				608	2,424								
15 GENCO Excess Deferred Income Taxes															
Per Settlement Agreement			0	(1,311)		66	261					(1,968)			
Per Application			(1,798)	0		90	359					(2,698)			
16 Voluntary Retirement Program															
Per Settlement Agreement			(2,155)		(132)	114	456						(269)		
Per Application			(3,303)		(203)	175	700						(413)		
17 Dominion Energy Services Expense															
Per Settlement Agreement			8,080			(404)	(1,612)						1,010		
Per Application			8,944			(447)	(1,784)						1,118		
18 Synergy Savings															
Per Settlement Agreement			(823)			41	164						(103)		
Per Application			(773)			39	154						(97)		
19 Storm Remediation Cost Deferral															
Per Settlement Agreement			0	4,390		(220)	(876)					29,652	0		
Per Application			8,780	0		(439)	(1,752)					26,357	1,097		
20 Storm Damage Remediation Rider															
Per Settlement Agreement			0			0	0					0	0		
Per Application			9,840			(492)	(1,963)					(7,385)	1,230		

Attachment A

Dominion Energy South Carolina, Inc.
Explanation of Accounting and Pro Forma Adjustments - Retail Electric
For the Test Year Ended December 31, 2019
Docket No. 2020-125-E
(000's Omitted)

Adj. No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Description	Revenues	O & M Expenses Fuel	O & M Expenses Other	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Taxes @ 5%	Federal Income Taxes @ 21%	Cust. Growth	Plant in Service	Accum. Deprec. and Amort.	CWIP	Deferred DBT/CRDT	Working Capital	Materials & Supplies	ADIT
21 Tree Trimming and Vegetation Management Accrual	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Per Settlement Agreement			3,786			(189)	(755)						473		
Per Application			3,519			(176)	(702)						440		
22 Turbine Major Maintenance Accrual															
Per Settlement Agreement			6,125			(306)	(1,222)						766		
Per Application			10,295			(515)	(2,054)						1,287		
23 VCS Outage Accrual															
Per Settlement Agreement			(400)			20	80						(50)		
Per Application			69			(3)	(14)						9		
24 Deferred Transmission															
Per Settlement Agreement				10,855	10,739	(1,080)	(4,308)		0	0		33,143			0
Per Application				13,167	10,739	(1,195)	(4,769)					46,086			
25 Adjust Test Year Taxes															
Per Settlement Agreement						0	(39,558)								(9,445)
Per Application						0	(39,558)								(9,445)
26 Tax Reform Refund															
Per Settlement Agreement				(485)		24	97					(729)			
Per Application				(489)		24	98					(734)			
27 Amortize Capacity Purchases															
Per Settlement Agreement			(10,760)	690		503	2,009					1,036			
Per Application			(10,070)	0		503	2,009					1,036			
28 Environmental Compliance Study															
Per Settlement Agreement			(92)			5	18								
Per Application			(92)			5	18								
29 KapStone Gain															
Per Settlement Agreement				(473)		24	94					(355)			
Per Application				(473)		24	94					(355)			
30 Critical Infrastructure Protection Costs Deferral															
Per Settlement Agreement			0	2,272		(114)	(453)					15,347	0		
Per Application			4,234	526		(238)	(950)					14,290	529		

Dominion Energy South Carolina, Inc.
Explanation of Accounting and Pro Forma Adjustments - Retail Electric
For the Test Year Ended December 31, 2019
Docket No. 2020-125-E
(000's Omitted)

Adj. No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Description	Revenues	O & M Expenses Fuel	O & M Expenses Other	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Taxes @ 5%	Federal Income Taxes @ 21%	Cust. Growth	Plant in Service	Accum. Deprec. and Amort.	CWIP	Deferred DBT/CRDT	Working Capital	Materials & Supplies	ADIT
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
31 Fukushima Nuclear Regulatory Commission Requirements Deferral															
Per Settlement Agreement			0	436		(22)	(87)					2,947	0		
Per Application			436	0		(22)	(87)					2,947	55		
32 VCS Cyber Security Deferral															
Per Settlement Agreement			0	823		(41)	(164)					5,558	0		
Per Application			1,116	556		(84)	(334)					5,020	140		
33 Facility Charge															
Per Settlement Agreement	(502)				(3)	(25)	(100)								
Per Application	(502)				0	(25)	(100)								
34 Amortization of Columbia & Charleston Franchise Agreements															
Per Settlement Agreement				(4,097)		205	817								
Per Application				(4,097)		205	817								
35 Unrecovered Plant Amortization															
Per Settlement Agreement				385		(19)	(77)					1,156			
Per Application				385		(19)	(77)					1,156			
36 Advanced Metering Infrastructure															
Per Settlement Agreement				2,661	305	(148)	(592)		0	0		447			
Per Application				2,334	592	(146)	(584)		18,727	2,155		537			
37 Local Business Offices															
Per Settlement Agreement			(413)	(155)		28	113		(1,542)				(52)		
Per Application			(413)	(155)		28	113		(1,542)				(52)		
38 Rate Case Expenses															
Per Settlement Agreement			180			(9)	(36)						23		
Per Application			296			(15)	(59)						37		
39 PSC Support Fees															
Per Settlement Agreement					0	0	0								
Per Application					(1,745)	87	348								
40 Projected Capital Spend															
Per Settlement Agreement						0	0		199,675	128,397	62,568	10,628	34,435	5,581	(55,018)
Per Application						0	0		35,584	190,581	281,539	2,839	15,620	3,728	(9,304)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Adj.	O & M	O & M	Deprec. &	Taxes	State	Federal	Cust.	Plant in	Accum.		Deferred	Working	Materials &		
No.	Expenses	Expenses	Amort.	Other Than	Income Taxes	Income Taxes	Growth	Service	Deprec.		DBT/CREDIT	Capital	Supplies		
Description	Fuel	Other	Expense	Income	@ 5%	@ 21%			and Amort.					ADIT	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
41 Tax Effect of Annualized Interest Per Settlement Agreement Per Application						627 (320)	2,501 (1,278)								
42 Remove Certain Expenses Per Settlement Agreement Per Application			(1,336) 0		(59) 0	70 0	278 0				(1,022) 0		(167) 0		
43 Customer Growth Per Settlement Agreement Per Application						0 0	0 0	2,466 1,151							
44 Return of Unprotected Property EDIT Per Settlement Agreement Per Application						0 0	6,400 0							6,400	

Total Income Taxes Per Settlement Agreement	\$ 102,187
Total Income Taxes Per Application	\$ 75,604
	(F)

Total Income Taxes Per Settlement Agreement	\$	15,290
Total Income Taxes Per Application	\$	44,247
		(Q)

Dominion Energy South Carolina, Inc.
Weighted Cost of Capital
Retail Electric Operations
For the Test Year Ended December 31, 2019
Docket No. 2020-125-E

Description	Capital Structure	Application Calculated Ratio	Settlement Agreement Ratio		Retail Per Books				After Accounting & Pro Forma Adjustments				After Proposed Adjustment			
					Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 1,355,787	46.65%	48.38%	\$	2,589,903	6.46%	3.01%	\$ 167,308	\$ 2,783,621	5.56%	2.67%	\$ 154,769	\$ 2,783,621	5.56%	2.67%	\$ 154,769
Preferred Stock	100	0.00%	0.00%		-	0.00%	0.00%	-	-	0.00%	0.00%	-	-	0.00%	0.00%	-
Common Equity	1,837,420	51.35%	51.62%		2,961,872	-13.49%	-7.20%	(199,650)	2,970,042	7.94%	-4.10%	235,871	2,970,042	9.50%	-4.90%	282,154
Totals	\$ 7,193,107	100.00%	100.00%	\$	5,551,775		-4.19%	\$ (132,342)	\$ 5,753,665		6.79%	\$ 390,640	\$ 5,753,665		7.59%	\$ 436,923

Dominion Energy South Carolina, Inc.
Proposed Revenues
Docket No. 2020-125-E

Customer Class	Present Revenues Annualized	Settlement Base Rate Increase (\$)	Settlement EDIT Decrease (\$)	Settlement DSM/EE Rate Decrease (\$)	Settlement Net Revenue Change (\$) (b)+(c)+(d) (e)	Settlement Net Revenue Change (%) (e)/(a) (f)
	(a)	(b)	(c)	(d)		
Residential Service	\$ 1,009,033,061	\$ 28,742,958	\$ (13,041,702)	\$ (1,898,475)	\$ 13,802,781	1.37%
Small General Service	\$ 425,981,612	\$ 12,231,925	\$ (5,208,374)	\$ (2,419,936)	\$ 4,603,615	1.08%
Medium General Service	\$ 190,285,450	\$ 5,772,808	\$ (2,243,104)	\$ (575,549)	\$ 2,954,155	1.55%
Large General Service	\$ 470,207,030	\$ 14,214,666	\$ (4,386,319)	\$ (120,467)	\$ 9,707,880	2.06%
Lighting	\$ 60,165,428	\$ 647,991	\$ (1,132,423)	\$ -	\$ (484,432)	-0.81%
Total Retail	\$ 2,155,672,581	\$ 61,610,348	\$ (26,011,922)	\$ (5,014,427)	\$ 30,583,999	1.42%

Dominion Energy South Carolina, Inc.
EDIT Decrement Rider Summary
Docket No. 2020-125-E

Annual EDIT Decrement \$ (26,000,000)

Customer Class	ADIT Allocation	Assignment of EDIT Revenue Requirement	kWh Sales per Rate Design	EDIT Decrement Rider Factors per kWh
Residential	50.12%	\$ (13,031,200)	8,254,241,544	\$ (0.00158)
Small General Service	19.98%	\$ (5,194,800)	3,667,869,007	\$ (0.00142)
Medium General Service	8.61%	\$ (2,238,600)	2,136,289,288	\$ (0.00105)
Large General Service	16.93%	\$ (4,401,800)	7,695,297,231	\$ (0.00057)
Street Lighting	4.36%	\$ (1,133,600)	288,148,344	\$ (0.00393)
Total	100.00%	\$ (26,000,000)	22,041,845,414	

Dominion Energy South Carolina, Inc.

Attachment D

Rate of Return

Docket No. 2020-125-E
(000's Omitted)

Customer Class	<i>Before Increase</i>				<i>After Proposed Increase</i>			
	Company Pro Forma Ratebase	Company Pro Forma Return	ROR	Relationship to Parity	Settlement Pro Forma Ratebase ¹	Settlement Pro Forma Return	ROR	Relationship to Parity
Residential Service	\$ 2,841,517	\$ 170,326	5.99%	97%	\$ 2,841,517	\$ 191,919	6.75%	97%
Small General Service	\$ 1,139,428	\$ 86,481	7.59%	123%	\$ 1,139,428	\$ 95,669	8.40%	121%
Medium General Service	\$ 504,697	\$ 28,984	5.74%	93%	\$ 504,697	\$ 33,321	6.60%	95%
Large General Service	\$ 1,026,940	\$ 47,350	4.61%	75%	\$ 1,026,940	\$ 58,029	5.65%	81%
Lighting	\$ 236,069	\$ 20,815	8.82%	143%	\$ 236,069	\$ 21,302	9.02%	130%
Total Retail	\$ 5,748,651	\$ 353,957	6.16%	100%	\$ 5,748,651	\$ 400,240	6.96%	100%

¹The Settlement Pro Forma Ratebase does not match the SETTLEMENT ATTACHMENT A due to timing.

PUBLIC DISCLOSURE

Dominion Energy South Carolina Quarterly Capital Expenditures at Wateree, Williams and Cope Through INSERT

This update is provided in accordance with the Settlement Agreement in Docket No. 2020-125-E. The Settlement Agreement requires Dominion Energy South Carolina ("DESC" or the "Company") to report, on a quarterly basis, the following information for the Company's coal plants, Wateree, Williams and Cope: projected and actual capital expenditures, identify all capital expenditures projects over \$1,000,000; Historic generation by unit (MWh); and Plant in Service Balances.

Capital Spending Curve in (\$1000s) Through INSERT at Wateree

	Projected Spend	Cumulative Projected Spend	Cumulative Actual Expenditures	Cumulative Variance to Date
Q3 2021				
Q4 2021				
Q1 2022				
Q2 2022				
Q3 2022				
Q4 2022				

PUBLIC DISCLOSURE

Capital Spending Curve in (\$1000s) Through INSERT at Williams

	Projected Spend	Cumulative Projected Spend	Cumulative Actual Expenditures	Cumulative Variance to Date
Q3 2021				
Q4 2021				
Q1 2022				
Q2 2022				
Q3 2022				
Q4 2022				

Capital Spending Curve in (\$1000s) Through INSERT at Cope

[illegible]

Variance from Forecast Explanation

Capital expenditures for Plant X total \$X through INSERT. The overall variance can be attributed to INSERT.

Projects over \$1,000,000 through INSERT

Plant	Project Description	Capital Expenditure

PUBLIC DISCLOSURE

Historic Generation through INSERT

BY UNIT GENERATION	Wateree Unit 1 NET GENERATION (MWh)	Wateree Unit 2 NET GENERATION (MWh)	Williams NET GENERATION (MWh)	Cope NET GENERATION (MWh)
Q3 2021				
Q4 2021				
Q1 2022				
Q2 2022				
Q3 2022				
Q4 2022				

Plant-in-Service Balances

Refer to attachment

**Dominion Energy South Carolina
Plant-in-Service Balances**

	Balance As of Sept 30 2019 (\$ 1000s)	Balance As of Dec 31 2019 (\$ 1000s)	Balance As of March 31 2020 (\$ 1000s)	Balance As of June 30 2020 (\$ 1000s)	Balance As of Sept 30 2020 (\$ 1000s)	Balance As of Dec 31 2020 (\$ 1000s)
Gross Plant in Service						
Wateree 1						
Wateree 2						
Williams						
Cope						
Total	-	-	-	-	-	-
Accumulated Depreciation						
Wateree 1						
Wateree 2						
Williams	-	-	-	-	-	-
Cope						
Total						
Net Plant in Service						
Wateree 1	-	-	-	-	-	-
Wateree 2						
Williams	-	-	-	-	-	-
Cope	-	-	-	-	-	-
Total						

Note: Excludes ARO Plant Balance

SETTLEMENT EXHIBIT

**DOMINION ENERGY SOUTH CAROLINA
PROPOSED ELECTRIC RATE SCHEDULES - SETTLEMENT**

Listed are the proposed electric rate schedules included as follows:

<u>Rate</u>	<u>Description</u>
1	Good Cents Residential Service (Closed)
2	Low Use Residential Service
3	Municipal Power Service
5	Time-of-Use Residential Service
6	Energy Saver / Conservation Residential Service
7	Time-of-Use Demand Residential Service
8	Residential Service
9	General Service
10	Small Construction Service
11	Irrigation Service
12	Church Service
13	Municipal Lighting Service
14	Farm Service
15	Supplementary and Standby Service
16	Time-of-Use General Service
17	Municipal Street Lighting
18	Underground Street Lighting
20	Medium General Service
	Rider to Rates 20 and 23 – Service for Cool Thermal Storage
21	General Service Time-of-Use Demand
22	School Service
23	Industrial Power Service
24	Large General Service Time-of-Use
25	Overhead Floodlighting
26	Overhead Private Street Lighting
27	Large Power Service Real Time Pricing (Experimental)
28	Small General Service Time-of-Use Demand (Experimental)
	Residential Subdivision Street Lighting
	Rider to Residential Subdivision Street Lighting – James Island
	Contract Rates
	Rider to Retail Rates – Demand Side Management Component
	Rider to Retail Rates – EDIT
	Electric General Terms and Conditions

RATE 1

RESIDENTIAL SERVICE

GOOD CENTS RATE

(Page 1 of 2)

AVAILABILITY

Effective January 15, 1996 this schedule is closed and not available to any new structure.

This rate is available to customers who meet the Company's Good Cents requirements and use the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system to individually metered private residence and individually metered dwelling units in apartment structures or other multi-family residential structures. It is not available for resale service nor shall service be supplied to dwelling units having a total of more than ten rooms, five or more of which are rented or offered for rent to any person or persons not a member, or members, of the immediate family of the owner or lessor of the dwelling units.

A dwelling unit is defined as a room or group of rooms having, in addition to living quarters, kitchen facilities for the sole use of the family or individual occupying such dwelling unit.

CERTIFICATION REQUIREMENTS

Prior to construction, the customer or prospective customer must contact the Company to ascertain the requirements of the Good Cents Program and to arrange for on-site inspections for compliance.

The dwelling unit must be certified by the Company to meet or exceed the Company's Good Cents Program requirements in force at the time of application in order to qualify for service under this rate schedule.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, single phase, 120 volts, 2 wire or 120/240 volts 3 wire.

RATE PER MONTH

	<u>Summer</u> (Billing Months June-September)	<u>Winter</u> (Billing Months October-May)
Basic Facilities Charge:	\$ 9.00	\$ 9.00
Plus Energy Charge:		
First 800 kWh @	\$ 0.11329 per kWh	\$ 0.11329 per kWh
Excess over 800 kWh @	\$ 0.12443 per kWh	\$ 0.10883 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02523 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$1.00 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00221 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00158 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when customer pays the difference in costs between non-standard service and standard service or pays the Company its normal monthly facility charge based on such difference in costs.

RATE 1

RESIDENTIAL SERVICE
GOOD CENTS RATE
(Page 2 of 2)

TERM OF CONTRACT

Contracts shall be written for a period of not less than one (1) year. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 2

Page 4 of 62

LOW USE RESIDENTIAL SERVICE

(Page 1 of 2)

AVAILABILITY

This rate is available to customers that meet the special conditions listed below, and are served by the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system to individually metered private residences and individually metered dwelling units in apartment structures or other multi-family residential structures. It is not available for resale service nor shall service be supplied to dwelling units having a total of more than ten rooms, five or more of which are rented or offered for rent to any person or persons not a member, or members, of the immediate family of the owner or lessor of the dwelling units.

A dwelling unit is defined as a room or group of rooms having, in addition to living quarters, kitchen facilities for the sole use of the family or individual occupying such dwelling unit.

SPECIAL CONDITIONS OF SERVICE

- 1) This rate schedule is available to those accounts where the consumption has not exceeded 400 kWh for each of the twelve billing months preceding the billing month service is to be initially billed under this rate schedule. The customer must have occupied the dwelling unit for the entire time necessary to determine eligibility under this rate schedule.
- 2) Consumption during a billing period of more than 30 days, used to determine eligibility under this rate schedule, shall be adjusted to a 30 day billing period by application of a fraction, the numerator of which shall be 30 and the denominator of which shall be the actual number of days in the billing period.
- 3) The second billing month within a twelve billing month period that consumption under this rate schedule exceeds 400 kWh will terminate eligibility under this rate schedule.
- 4) Service will be billed under the previous rate schedule the next twelve billing periods before the customer will again be eligible for the Low Use Rate.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, single phase, 120 volts, 2 wire or 120/240 volts 3 wire.

RATE PER MONTH

Basic Facilities Charge: \$ 9.00

Plus Energy Charge:

All kWh @ \$ 0.09024 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02523 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$1.00 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00221 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00158 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

RATE 2

LOW USE RESIDENTIAL SERVICE
(Page 2 of 2)**TERM OF CONTRACT**

Contracts shall be written for a period of not less than one (1) year. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 3

**MUNICIPAL
POWER SERVICE**
(Page 1 of 2)

AVAILABILITY

This rate is available to municipal customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system. This includes all municipally owned and operated facilities for power purposes including, but not restricted to public buildings and pumping stations. It is not available for resale or standby service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz. Voltage and phase at the option of the Company.

RATE PER MONTH

Basic Facilities Charge: \$ 22.00

Plus Energy Charge:

All kWh @ \$ 0.09987 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below, provided however, when construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02508 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$6.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00433 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00142 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

Service shall not be supplied under this rate for establishments of a commercial nature, nor to operations primarily non-municipal. Under no conditions will the Company allow the service to be resold to or shared with others.

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

DOMINION ENERGY SOUTH CAROLINA, INC.

ELECTRICITY

RATE 3

**MUNICIPAL
POWER SERVICE**
(Page 2 of 2)

TERM OF CONTRACT

Contracts shall be written for a period of not less than ten (10) years.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 5

**RESIDENTIAL SERVICE
TIME OF USE
(Page 1 of 2)**

AVAILABILITY

This rate is available on a voluntary basis to customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system to individually metered private residences and individually metered dwelling units in apartment structures or other multi-family residential structures. It is not available for resale service nor shall service be supplied to dwelling units having a total of more than ten rooms, five or more of which are rented or offered for rent to any person or persons not a member, or members, of the immediate family of the owner or lessor of the dwelling units.

A dwelling unit is defined as a room or group of rooms having, in addition to living quarters, kitchen facilities for the sole use of the family or individual occupying such dwelling unit.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, single phase, 120 volts, 2 wire or 120/240 volts 3 wire.

RATE PER MONTH

I. Summer Months of June-September

A. Basic Facilities Charge:	\$	13.00
B. Energy Charge:		
All on-peak kWh @	\$	0.26736 per kWh
All off-peak kWh @	\$	0.09036 per kWh
C. Minimum Bill:		
The monthly minimum charge shall be the basic facilities charge and the Distributed Energy Resource Program charge, as stated below.		

II. Winter Months of October-May

A. Basic Facilities Charge:	\$	13.00
B. Energy Charge:		
All on-peak kWh @	\$	0.24081 per kWh
All off-peak kWh @	\$	0.09036 per kWh
C. Minimum Bill:		
The monthly minimum charge shall be the basic facilities charge and the Distributed Energy Resource Program charge, as stated below.		

DETERMINATION OF ON-PEAK HOURS

A. On-Peak Hours:

Summer Months of June-September:

The on-peak summer hours are defined as the hours between 2:00 p.m.-7:00 p.m., Monday-Friday, excluding holidays.*

Winter Months of October-May:

The on-peak winter hours are defined as the hours between 7:00 a.m.-12:00 noon, Monday-Friday, excluding holidays.*

B. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified as on-peak hours.

*Holidays are: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02523 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$1.00 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00221 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of -.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00158 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

DOMINION ENERGY SOUTH CAROLINA, INC.

ELECTRICITY

RATE 5

**RESIDENTIAL SERVICE
TIME OF USE**
(Page 2 of 2)

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

The Company shall have the right to install and operate special metering equipment to measure customer's loads or any part thereof and to obtain any other data necessary to determine the customer's load characteristics.

The Company's levelized payment plans are not available to customers served under this rate schedule.

TERM OF CONTRACT

Contracts shall be written for a period of not less than one (1) year. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

August 16, 2021

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RATE 6

RESIDENTIAL SERVICE
ENERGY SAVER / CONSERVATION RATE

(Page 1 of 2)

AVAILABILITY

This rate is available to customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system to individually metered private residences and individually metered dwelling units in apartment structures or other multi-family residential structures. It is not available for resale service nor shall service be supplied to dwelling units having a total of more than ten rooms, five or more of which are rented or offered for rent to any person or persons not a member, or members, of the immediate family of the owner or lessor of the dwelling units.

A dwelling unit is defined as a room or group of rooms having, in addition to living quarters, kitchen facilities for the sole use of the family or individual occupying such dwelling unit.

For dwellings constructed within five years, the homeowner must provide the following:

- 1) For new homes only - Proof that home meets the South Carolina-approved International Energy Conservation Code (IECC).
- 2) A detailed installation invoice from a licensed mechanical contractor showing the installed equipment for a new cooling system that meets the requirements as shown below.
- 3) Certification from builder stating that requirements have been met or an IECC certificate that verifies that the requirements below have been met.
- 4) AHRI Certificate to verify SEER ratings
- 5) Ceilings of homes shall be insulated with total (as installed) thermal resistance value of R-38. If sprayfoam insulation is used, need to provide an equivalency statement from the manufacturer or installer.

For dwellings older than five years, the builder or homeowner must provide the following:

- 1) For Existing homes only - receipts and/or photographs showing purchase and installation of insulation, equipment and other upgrades.
- 2) A detailed invoice showing the installed equipment by a licensed contractor for a new cooling system that meets the requirements as shown below.
- 3) AHRI Certificate to verify SEER ratings
- 4) For homes with an electric tank water heater manufactured prior to 2007 a photograph of an installed thermal water heater blanket/wrap or manufacturer's nameplate.
- 5) Ceilings of homes shall be insulated with total (as installed) thermal resistance value of R-38. If sprayfoam insulation is used, need to provide an equivalency statement from the manufacturer or installer.
- 6) Chimney flues and fireplaces must have tight fitting dampers - must provide a photograph to verify.

The Company may perform an on-site audit to verify that customer meets availability requirements as stated herein.

THERMAL AND AIR CONDITIONING REQUIREMENTS FOR ENERGY CONSERVATION

The following requirements are predicated on the South Carolina-approved IECC and subject to change with a change. Sufficient application of thermal control products and specified air conditioning requirements must be met to satisfy the minimum standards outlined below:

Ceilings:	Ceilings of newly constructed homes shall be insulated with a total "as installed" thermal resistance (R) value of 30 (R-30). Ceilings of manufactured housing shall be insulated with a thermal resistance (R) value of 30 (R-30). Ceilings of existing housing shall be insulated with a total "as installed" thermal resistance (R) value of 38 (R-38).
Lighting:	Recessed ceiling lights shall be sealed.
Floors:	Floors over crawl space or crawl space walls shall have insulation installed having a total R value of 19 (R-19). 100% of the exposed earth in a crawl space shall be covered with a vapor barrier of no less than (4) mills.
Windows:	Windows shall be insulated (double) glass or have storm windows.
Doors:	Doors exposed to full temperature differential (TD) must be weather-stripped on all sides and of solid construction.
Ducts:	Air ducts located outside of conditioned space must have: 1) all joints properly fastened and sealed, and, 2) the duct shall have a minimum installed insulation R-value of 8.0. All joints in ductwork outside of the conditioned space must be permanently sealed with the application of duct sealant. Transverse joints, take-offs, transitions, supply/return connections to the air handler, boot connections to the floor/ceiling/wall, and framed-in and panned passages must be made airtight with duct sealant. There must be no unnecessary kinks, bends, or slack in flex ducts.
Attic Access:	Attic accesses must be air sealed and insulated to at least R-19.
Water Heaters:	Electric water heaters must have a Uniform Energy Factor (UEF) minimum of 0.93 or insulation surrounding the tank.
Air Condition:	All cooling systems must have a SEER rating of 1.0 SEER higher than the current Energy Star Requirements.
Other:	Chimney flues and fireplaces must have tight fitting dampers.

The "as installed" thermal resistance (R) value for all loose fill or blowing type insulation materials must be verifiable either by installed density using multiple weighted samples, the manufacturer's certification methods, Federal Trade Commission's procedures or other methods specified by local governing agencies.

RATE 6

RESIDENTIAL SERVICE
ENERGY SAVER / CONSERVATION RATE

(Page 2 of 2)

CHARACTER OF SERVICE

Alternating Current, 60 hertz, single phase, 120 volts, 2 wire or 120/240 volts 3 wire.

RATE PER MONTH

	<u>Summer</u> (Billing Month June-September)	<u>Winter</u> (Billing Month October-May)
Basic Facilities Charge:	\$ 9.00	\$ 9.00
Plus Energy Charge:		
First 800 kWh @	\$ 0.11329 per kWh	\$ 0.11329 per kWh
Excess over 800 kWh @	\$ 0.12443 per kWh	\$ 0.10883 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02523 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$1.00 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00221 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECUREMENT RIDER

The Energy Charges above will be reduced by \$0.00158 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

TERM OF CONTRACT

Contracts shall be written for a period of not less than one (1) year. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 7

**RESIDENTIAL SERVICE
TIME-OF-USE DEMAND**
(Page 1 of 2)

AVAILABILITY

This rate is available on a voluntary basis to customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system to individually metered private residences and individually metered dwelling units in apartments structures or other multi-family residential structures. It is not available for resale service nor shall service be supplied to dwelling units having a total or more than ten rooms, five or more of which are rented or offered for rent to any person or persons not a member, or members, of the immediate family of the owner or lessor of the dwelling units.

A dwelling unit is defined as a room or group of rooms having, in addition to living quarters, kitchen facilities for the sole use of the family or individual occupying such dwelling unit.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, single phase, 120 volts, 2 wire or 120/240 volts 3 wire.

RATE PER MONTH

I. Basic Facilities Charge:	\$	13.00	
II. Demand Charge:			
A. On-Peak Billing Demand			
Summer Months of June-September @	\$	10.78	per KW
Non-Summer Months of October-May @	\$	7.70	per KW
III. Energy Charge:			
All on-peak kWh @	\$	0.08106	per kWh
All off-peak kWh @	\$	0.07195	per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below.

BILLING DEMAND

The maximum integrated fifteen minute demand for the current month occurring during the on-peak hours specified below. The maximum integrated fifteen minute demand for any period may be recorded on a rolling time interval.

DETERMINATION OF ON-PEAK HOURS

A. On-Peak Hours:

Summer Months of June-September:

The on-peak summer hours are defined as the hours between 2:00 p.m.-7:00 p.m., Monday-Friday, excluding holidays.*

Non-Summer Months of October-May:

The on-peak winter hours are defined as the hours between 7:00 a.m.-12:00 noon, Monday-Friday, excluding holidays.*

B. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified as on-peak hours.

*Holidays are: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02523 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$1.00 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00221 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00158 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

RATE 7

RESIDENTIAL SERVICE
TIME-OF-USE DEMAND
(Page 2 of 2)**SALES AND FRANCHISE TAX**

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

The Company shall have the right to install and operate special metering equipment to measure customer's loads or any part thereof and to obtain any other data necessary to determine the customer's load characteristics.

The Company's levelized payment plans are not available to customers served under this rate schedule.

TERM OF CONTRACT

Contracts shall be written for a period of not less than one (1) year. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 8

August 16, 2021
Page 14 of 62

RESIDENTIAL SERVICE

AVAILABILITY

This rate is available to customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system to individually metered private residences and individually metered dwelling units in apartment structures or other multi-family residential structures. It is not available for resale service nor shall service be supplied to dwelling units having a total of more than ten rooms, five or more of which are rented or offered for rent to any person or persons not a member, or members, of the immediate family of the owner or lessor of the dwelling units.

A dwelling unit is defined as a room or group of rooms having, in addition to living quarters, kitchen facilities for the sole use of the family or individual occupying such dwelling unit.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, single phase, 120 volts, 2 wire or 120/240 volts 3 wire.

RATE PER MONTH

	<u>Summer</u> (Billing Month June-September)	<u>Winter</u> (Billing Month October-May)
Basic Facilities Charge:	\$ 9.50	\$ 9.50
Plus Energy Charge:		
First 800 kWh @	\$ 0.11685 per kWh	\$ 0.11685 per kWh
Excess over kWh @	\$ 0.12835 per kWh	\$ 0.11225 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02523 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$1.00 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00221 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$0.00158 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

TERM OF CONTRACT

Contracts shall be written for a period of not less than one (1) year. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 9

GENERAL SERVICE

(Page 1 of 2)

AVAILABILITY

This rate is available to customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system for general light and/or power purposes such as commercial, industrial, religious, charitable and eleemosynary institutions. It is not available for resale service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz. Voltage and phase at the option of the Company.

RATE PER MONTH

	<u>Summer</u> (Billing Months June-September)	<u>Winter</u> (Billing Months October-May)
I. Basic Facilities Charge:	\$ 22.00	\$ 22.00
II. Demand Charge:		
First 250 KVA of Billing Demand	No Charge	No Charge
Excess over 250 KVA of Billing Demand @	\$ 3.85 per KVA	No Charge
The Billing Demand (to the nearest whole KVA) shall be the maximum integrated fifteen (15) minute demand measured during the billing months of June through September.		
III. Energy Charge:		
First 3,000 kWh @	\$ 0.11545 per kWh	\$ 0.11545 per kWh
Over 3,000 kWh @	\$ 0.12279 per kWh	\$ 0.10754 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below, provided however, when construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02508 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$.615 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00433 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00142 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

POWER FACTOR

If the power factor of the Customer's installation falls below 85%, the Company may adjust the billing to a basis of 85% power factor.

RATE 9

GENERAL SERVICE

(Page 2 of 2)

TEMPORARY SERVICE

Temporary service for construction and other purposes will be supplied under this rate in accordance with the Company's Terms and Conditions covering such service.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

This rate is available for residential service where more than one dwelling unit is supplied through a single meter, provided service to such dwelling unit was established prior to July 1, 1980.

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

UNMETERED SERVICE PROVISION

When customer's usage can be determined and in the sole opinion of the Company, installation of metering equipment is impractical or uneconomical, monthly kWh may be estimated by the Company and billed at the above rate per month, except that the basic facilities charge shall be \$8.25.

TERM OF CONTRACT

Contracts for installation of a permanent nature shall be written for a period of not less than one (1) year. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 10**SMALL CONSTRUCTION SERVICE****AVAILABILITY**

This rate is available as a temporary service for builders using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system for general lighting and/or power purposes during construction. It is not available for resale or standby service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, single phase, two or three wire at Company's standard secondary service voltages of 240 volts or less.

RATE PER MONTH

Basic Facilities Charge: \$ 9.50

Plus Energy Charge:
All kWh @ \$ 0.11882 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02508 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$6.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00433 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECUREMENT RIDER

The Energy Charges above will be reduced by \$0.00142 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

If providing temporary service requires the Company to install transformers and other facilities which must be removed when temporary service is no longer required, then the customer may be required to pay the cost of installing and removing the Company's temporary facilities.

TERM OF CONTRACT

Contracts shall be written for a period of time commencing with establishment of service and ending when construction is suitable for occupancy or one year, which is less. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 11

IRRIGATION SERVICE

(Page 1 of 2)

AVAILABILITY

This rate is available to customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system. It is not available for resale. This schedule is available for service furnished for the operation of electric motor driven pumps and equipment supplying water for the irrigation of farmlands and plant nurseries, and irrigation to provide adequate moisture for vegetative cover to control erosion and provide runoff. The pumping units served hereunder shall be used solely for the purpose of irrigation.

All motors of more than 5 H.P. shall be approved by the Company. The Company reserves the right to deny service to any motor which will be detrimental to the service of other customers. Upon request, customer may pay all cost associated with upgrading the system to the point at which starting the customer's motor will not degrade the service to the other customers.

CHARACTER OF SERVICE

Alternating Current, 60 hertz. Voltage and phase at the option of the Company.

RATE PER MONTH

I. Summer Months of June-September

A. Basic Facilities Charge:	\$	25.65	
B. Energy Charge:			
All on-peak kWh @	\$	0.21460	per kWh
All shoulder kWh @	\$	0.12960	per kWh
All off-peak kWh @	\$	0.07283	per kWh

II. Winter Months of October-May

A. Basic Facilities Charge:	\$	25.65	
B. Energy Charge:			
All kWh @	\$	0.07283	per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below, except when the revenue produced by the customer does not sufficiently support the investment required to serve the load. The Company will determine in each case the amount and form of payment required to correct the revenue deficiency.

DETERMINATION OF ON-PEAK SHOULDER, AND OFF-PEAK HOURS

A. On-Peak Hours:

Summer Months of June-September:

The on-peak summer hours are defined as the hours between 2:00 p.m.-6:00 p.m., Monday-Friday, excluding holidays.*

B. Shoulder Hours:

Summer Months of June-September:

The shoulder summer hours are defined as the hours between 10:00 a.m.-2:00 p.m. and 6:00 p.m.-10:00 p.m., Monday-Friday, excluding holidays.*

C. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified as on-peak or shoulder hours.

*Holidays are Independence Day and Labor Day.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02508 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$6.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00433 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

RATE 11

IRRIGATION SERVICE
(Page 2 of 2)

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$0.00142 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

The Company shall have the right to install and operate special metering equipment to measure customer's loads or any part thereof and obtain any other data necessary to determine the customer's load characteristics.

TERM OF CONTRACT

Contracts for installations shall be written for a period of not less than ten (10) years. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 12

CHURCH SERVICE

AVAILABILITY

This rate is available to customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system for general light and/or power service to churches. It is not available for resale or standby service. It is only available to recognized churches.

CHARACTER OF SERVICE

Alternating Current, 60 hertz. Voltage and phase at the option of the Company.

RATE PER MONTH

Basic Facilities Charge: \$ 16.30

Plus Energy Charge:
All kWh @ \$ 0.09924 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below, provided however, when construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02508 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$6.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00433 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECUREMENT RIDER

The Energy Charges above will be reduced by \$.00142 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Under no conditions will the Company allow the service to be resold to or shared with others. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

When a church offers activities that, in the sole opinion of the Company, are of a commercial nature such as day care, camps or recreational activities, the Company may require that the account be served under the appropriate general service rate.

TERM OF CONTRACT

Contracts shall be written for a period of not less than five (5) years. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 13

**MUNICIPAL
LIGHTING SERVICE**

AVAILABILITY

This rate is available to municipal customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system. This includes all municipally owned and operated facilities for lighting streets, highways, parks and other public areas, or other signal system service. It is not available for resale or standby service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz. Voltage and phase at the option of the Company.

RATE PER MONTH

Basic Facilities Charge: \$ 22.00

Plus Energy Charge:

All kWh @ \$ 0.09013 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below, provided however, when construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02508 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$6.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00433 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of -.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECUREMENT RIDER

The Energy Charges above will be reduced by \$.00142 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

Service shall not be supplied under this rate for establishments of a commercial nature, nor to operations primarily non-municipal. Under no circumstances will the Company allow the service to be resold or shared with others.

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

TERM OF CONTRACT

Contracts shall be written for a period of not less than ten (10) years.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 14

FARM SERVICE

AVAILABILITY

This rate is available to customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system on farms for producing but not processing agricultural, dairy, poultry and meat products.

Service shall not be supplied under this rate for establishments of a commercial nature such as stores, shops, stands, restaurants, service stations or any non-farm operations; nor for processing, distributing or selling farm or other products not originating through production on the premises served. Motors rated in excess of 20 H.P. will not be served on this rate. It is available for farm commercial operations including irrigation, grain elevators and crop drying for farm products produced on the premises served. It is not available for resale service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz. Voltage and phase at the option of the Company.

RATE PER MONTH

	<u>Summer</u> (Billing Months June-September)	<u>Winter</u> (Billing Months October-May)
Basic Facilities Charge:	\$ 9.50	\$ 9.50
Plus Energy Charge:		
First 800 kWh @	\$ 0.11882 per kWh	\$ 0.11882 per kWh
Excess over 800 kWh @	\$ 0.13032 per kWh	\$ 0.11422 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below, provided however, when construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02508 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$6.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00433 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$0.00142 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state and governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

TERM OF CONTRACT

The contract terms will depend on the conditions of service. No contract shall be written for a period of not less than five (5) years. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

DOMINION ENERGY SOUTH CAROLINA, INC.

ELECTRICITY

RATE 15

SUPPLEMENTARY AND STANDBY SERVICE

(Page 1 of 2)

AVAILABILITY

Available to Small Power Producers and co-generators that are a Qualifying Facility as defined by the Federal Energy Regulatory Commission (FERC) Order No. 70 under Docket No. RM 79-54. This schedule is not available to Qualifying Facilities with a power production capacity greater than 100 KW.

SUPPLEMENTARY SERVICE

Supplementary service is defined herein as power supplied by the Company to a Qualifying Facility in addition to that which the Qualifying Facility generates itself. Supplementary service will be provided by the Company under a retail electric service schedule which the customer will establish in conjunction with the implementation of this Supplementary and Standby Service rate.

SUPPLEMENTARY SERVICE

- 1) Standby service under this schedule is defined herein as power supplied by the Company to a Qualifying Facility to replace energy ordinarily generated by a Qualifying Facility during a scheduled or unscheduled outage.
- 2) Standby service is available to customers establishing a firm demand which is billed under a retail electric service schedule of the Company. If no firm demand is established by the customer for the purpose of taking Supplementary power, then Standby service will be provided as Supplementary service and billed on the applicable retail electric service schedule.
- 3) Standby service is defined for each 15-minute interval as the minimum of: (1) the Standby contracted demand, and, (2) the difference between the measured load and the contracted firm demand, except that such difference shall not be less than zero.
- 4) Supplementary Service is defined as all power supplied by the Company not defined herein as Standby Service.
- 5) The Standby contract demand shall be limited to the power production capacity of the Qualifying Facility.

STANDBY SERVICE POWER RATE PER MONTH

Basic Facilities Charge	\$	205.00
Demand Charge per KW of Contract Demand	\$	5.53
Energy Charge:		
On-Peak kWh @	\$	0.05226 per kWh
Off-Peak kWh @	\$	0.04062 per kWh

DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

- A. On-Peak Hours:
On-peak hours are defined to be 10:00 a.m. - 10:00 p.m. for the months of June-September, excluding weekends.
- B. Off-Peak Hours:
All hours not defined as on-peak hours are considered to be off-peak.

POWER FACTOR

The customer must maintain a power factor of as near unity as practicable. If the power factor of the customer's installation falls below 85%, the Company shall adjust the billing demand to a basis of 85% power factor.

LIMITING PROVISION

The Standby Service power rate will be available for 1325 annual hours of consumption beginning in May and ending in April, or for a prorated share thereof for customers who begin to receive service in months other than May. Accounts on this rate are subject to the following condition: Standby service will be available for a maximum of 120 On-Peak Hours.

If this account exceeds: (1) 1325 hours of Standby service annually, or (2) 120 on-peak hours of Standby service, the account will be billed on the rate normally applied to customer's Supplementary service load for the current billing month and the subsequent eleven months.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02488 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$6.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00277 per kWh for Demand Side Management expenses.

RATE 15

SUPPLEMENTARY AND STANDBY SERVICE

(Page 2 of 2)

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of $-\$.00020$ per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by $\$.00105$ per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The customer is responsible for all costs associated with interconnection to the Company's system for the purpose of obtaining Supplementary or Standby power.

TERM OF CONTRACT

Contracts shall be written for a period of not less than three (3) years.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

August 16, 2021

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RATE 16

GENERAL SERVICE

TIME-OF-USE

(Page 1 of 2)

AVAILABILITY

This rate is available to any non-residential customer using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system for power and light requirements and having an on-peak demand of less than 1,000 KW. The second billing month within a twelve billing month period that on-peak demand exceeds 1,000 KW will terminate eligibility under this rate schedule. It is not available for resale service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz. Voltage and phase at the option of the Company.

RATE PER MONTH

I. Basic Facilities Charge:		\$ 25.65
II. Energy Charge:		
A. On-Peak kWh		
1. Months of June-September	\$ 0.21460	per kWh
2. Months of October-May	\$ 0.16365	per kWh
B. Off-Peak kWh		
First 1,000 off-peak kWh @	\$ 0.08732	per kWh
Excess over 1,000 off-peak kWh @	\$ 0.09199	per kWh

DETERMINATION OF ON-PEAK HOURS

A. On-Peak Hours:

June-September:

The on-peak summer hours are defined as the hours between 1:00 p.m.-9:00 p.m., Monday-Friday, excluding holidays.*

October-May:

The on-peak non-summer hours are defined as those hours between 6:00 a.m.-10:00 a.m. and 6:00 p.m.-10:00 p.m.

Monday-Friday, excluding holidays.*

B. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified as on-peak hours.

*Holidays are: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below, provided however, when construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE

Fuel costs of \$.02508 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$6.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00433 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00142 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

RATE 16

GENERAL SERVICE

TIME-OF-USE

(Page 2 of 2)

EXPERIMENTAL UNIFORM LOAD PROVISION

For applications where the customer has an expectation of their equipment operating at a constant level, or 100% Load Factor (same usage level for every hour of a billing period), the Company may use a standard meter, without time-of-use capability, to record monthly energy usage. In such instances, the customer will be required to submit to the Company engineering specifications, meter history results, or other pertinent data that would demonstrate the expectation of a constant, or uniform load. The Company will make the final determination as to whether an account qualifies for service under this provision.

The Rate Per Month for qualifying accounts under this provision consists of a Basic Facilities Charge of \$9.50 plus the product of the customer's actual metered energy times the kWh Energy Charge as determined in the table below:

Tier	Average Energy Usage per Month	Energy Charge
A	0 - 999 kWh	\$ 0.10933 per kWh
B	1,000 - 1,999 kWh	\$ 0.10935 per kWh
C	2,000 - 3,000 kWh	\$ 0.11058 per kWh

For purposes of determining the appropriate Tier for each specific account, Average Energy Usage per Month will be determined by taking a simple average of the last 12 months of historical energy consumption. For new accounts, a Company calculation will be performed based upon the customer technical data requirements mentioned earlier. The Company may also take into account any other such data as deemed appropriate for Tier assignment. When an account has been assigned to a Tier, it shall be billed under the associated Energy Charge each month until an equipment change noted by the customer or Company test result that may nullify eligibility as specified below. Tier assignments will not change on a month to month basis. Accounts averaging more than 3,000 kWh per month will not be eligible for service under this Provision and will be metered under the standard Time-of-Use provisions of Rate 16. The Company will make the final determination as to the appropriate Tier assignment for all accounts.

The customer shall notify the Company in writing if the customer's equipment or method of operation change such that a 100% Load Factor is no longer expected. The Company will conduct an annual review of all Uniform Load Provision accounts, and reserves the right to periodically verify load patterns and characteristics through testing for any and all accounts covered by this Provision. This would generally be accomplished by the installation of demand or other Time-of-Use capable meters. If any account is found to have a load pattern producing less than 100% Load Factor or an average usage above 3,000 kWh per month, it will no longer be billed under the Uniform Load Provision. The Company will install a traditional Rate 16 type meter and bill the customer under the standard Time-of-Use provisions noted in the Rate Per Month section above.

The tiered charges under this Uniform Load Provision will be adjusted for any and all retail electric rate actions approved by the Public Service Commission of South Carolina including, but not limited to changes in the Adjustment for Fuel and Variable Environmental Costs, Rate Reduction and Tax Credit Rider, Rider related to Demand Side Management, and requests for Revised Rates under the Base Load Review Act.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

TERM OF CONTRACT

The contract terms will depend on the conditions of service. Contracts for installations of a permanent nature shall be written for a period of not less than one (1) year. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 17

**MUNICIPAL
STREET LIGHTING**
(Page 1 of 2)

AVAILABILITY

This rate is available to municipal customers using the Company's electric service for area and street lighting.

RATE

All night street lighting service where fixtures are mounted on Company's existing standard wooden poles which are a part of Company's overhead distribution system will be charged for at the following rates:

SIZE AND DESCRIPTION			Lamp Charges per Month	kWh per Month
15,000 Lumens	(HPS) (150W)	Open Type	\$ 9.75	57
9,000 Lumens	(MH) (100W)	Closed Type	\$ 10.07	37
30,000 Lumens	(MH) (320W)	Closed Type	\$ 17.24	123
15,000 Lumens	(HPS) (150W)	Closed Type	\$ 9.97	62
50,000 Lumens	(HPS) (400W)	Closed Type	\$ 17.96	158
8,000 Lumens	(LED) (60W)	Open Type	\$ 9.27	20
8,600 Lumens	(LED) (70W)	Closed Type	\$ 12.03	24
12,700 Lumens	(LED) (110W)	Closed Type	\$ 13.38	35
25,500 Lumens	(LED) (205W)	Closed Type	\$ 19.83	68
32,300 Lumens	(LED) (270W)	Closed Type	\$ 23.98	91

The following fixtures which are available for new installations where excavation and back filling are provided for the Company and existing fixtures previously billed as residential subdivision street lighting will be charged for at the following rates:

Post-Top Mounted Luminaries

			Traditional Lamp Charges per Month	kWh per Month
9,000 Lumens	(MH) (100W)		\$ 21.87	37
15,000 Lumens	(HPS) (150W)		\$ 22.07	62

Effective September 2021, selected existing light sets will no longer be available for new installations. Replacement light sets will only be available until inventory is depleted and will be replaced on a first-come, first-served basis. Affected lights are as follows:

Bracket Style Luminaries

4,000 Lumens	(Mercury) (100W)	Open Type (non-directional)	\$ 7.98	37
7,500 Lumens	(Mercury) (175W)	Closed Type	\$ 9.94	69
7,500 Lumens	(Mercury) (175W)	Open Type (non-directional)	\$ 8.75	69
10,000 Lumens	(Mercury) (250W)	Closed Type	\$ 13.55	95
20,000 Lumens	(Mercury) (400W)	Closed Type	\$ 17.05	159
9,500 Lumens	(HPS) (100W)	Open Type	\$ 8.87	38
9,500 Lumens	(HPS) (100W)	Open Type (non-directional) - Retrofit	\$ 8.87	38
15,000 Lumens	(HPS) (150W)	Open Type - Retrofit	\$ 9.74	63
9,500 Lumens	(HPS) (100W)	Closed Type	\$ 9.59	38
15,000 Lumens	(HPS) (150W)	Closed Type - Retrofit	\$ 10.00	63
27,500 Lumens	(HPS) (250W)	Closed Type	\$ 15.54	102
45,000 Lumens	(HPS) (360W)	Closed Type - Retrofit	\$ 17.26	144

Post-Top Mounted Luminaries

7,500 Lumens	(Mercury) (175W)	Classic	\$ 25.43	69
7,500 Lumens	(Mercury) (175W)	Modern	\$ 21.55	69
7,500 Lumens	(Mercury) (175W)	Traditional	\$ 21.55	69
9,000 Lumens	(MH) (100W)	Classic	\$ 25.64	37
9,000 Lumens	(MH) (100W)	Modern	\$ 21.87	37
15,000 Lumens	(HPS) (150W)	Classic	\$ 26.13	62
15,000 Lumens	(HPS) (150W)	Classic Retrofit	\$ 26.11	63
15,000 Lumens	(HPS) (150W)	Modern	\$ 22.07	62
15,000 Lumens	(HPS) (150W)	Modern Retrofit	\$ 22.07	62
9,500 Lumens	(HPS) (100W)	Traditional	\$ 20.42	37
15,000 Lumens	(HPS) (150W)	Traditional Retrofit	\$ 22.05	63

MINIMUM CHARGE

When construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

RATE 17

**MUNICIPAL
STREET LIGHTING**
(Page 2 of 2)

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02413 per kWh are included in the monthly lamp charge and are subject to adjustment by order of the Public Service Commission of South Carolina.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of -.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

EDIT DECUREMENT RIDER

The Energy Charges above will be reduced by \$.00393 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

TERM OF CONTRACT

Contracts under this rate shall be written for a period of not less than ten (10) years; and such contract shall include a provision that the Municipality must purchase all of its electrical requirements from the Company. The Company reserves the right to remove its facilities when subject to vandalism or for other cogent reasons.

SPECIAL PROVISIONS

The Company will furnish, erect, operate and maintain all necessary equipment in accordance with its standard specifications. It is the customer's responsibility to notify the Company when equipment fails to operate properly. Non-standard service requiring underground, special fixtures and/or poles will be furnished only when the customer pays the difference in costs between such non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 18

UNDERGROUND
STREET LIGHTING

(Page 1 of 2)

AVAILABILITY

This rate is available to customers, including municipal customers, using the Company's electric service for street and area lighting served from existing underground distribution facilities.

APPLICABILITY

Applicable only to outdoor lighting high intensity discharge fixtures, either high pressure sodium (HPS), or metal halide (MH), and with poles conforming to Company specifications. Services will be rendered only at locations that, solely in the opinion of the Company, are readily accessible for maintenance. If the Company is required to install light fixtures on poles other than those described herein, the Company will determine in each case the amount and form of payment required.

RATE PER LUMINARIES

SIZE AND DESCRIPTION			per Month	kWh per Month
9,000 Lumens	(MH) (100W)	Acorn, Round, or Octagonal Style	\$ 16.21	41
15,000 Lumens	(HPS) (150W)	Acorn, Round, or Octagonal Style	\$ 16.33	62
9,000 Lumens	(MH) (100W)	Traditional	\$ 12.07	37
15,000 Lumens	(HPS) (150W)	Traditional	\$ 12.16	62
9,000 Lumens	(MH) (100W)	Shepherd	\$ 24.53	41
15,000 Lumens	(HPS) (150W)	Shepherd	\$ 26.88	62
30,000 Lumens	(MH) (320W)	Shoebox Type	\$ 29.60	123
45,000 Lumens	(HPS) (400W)	Shoebox Type	\$ 21.72	158
30,000 Lumens	(MH) (320W)	Cobra Flex	\$ 29.61	120
50,000 Lumens	(HPS) (400W)	Cobra Flex	\$ 29.44	152

Effective September 2021, selected existing light sets will no longer be available for new installations. Replacement light sets will only be available until inventory is depleted and will be replaced on a first-come, first-served basis. Affected lights are as follows:

7,500 Lumens	(MV) (175W)	Modern	\$ 12.21	69
7,500 Lumens	(MV) (175W)	Classic	\$ 16.29	69
7,500 Lumens	(MV) (175W)	Traditional	\$ 11.75	69
7,500 Lumens	(MV) (175W)	Shepherd	\$ 23.66	69
7,500 Lumens	(MV) (175W)	Acorn, Round, or Octagonal Style	\$ 15.64	69
10,000 Lumens	(MV) (250W)	Acorn, Round, or Octagonal Style	\$ 16.84	95
20,000 Lumens	(MV) (400W)	Shoebox Type	\$ 20.05	159
9,000 Lumens	(MH) (100W)	Modern	\$ 12.07	37
9,000 Lumens	(MH) (100W)	Classic	\$ 15.85	37
36,000 Lumens	(MH) (400W)	Hatbox	\$ 30.98	159
42,600 Lumens	(MH) (400W)	Hatbox	\$ 30.78	159
110,000 Lumens	(MH) (1000W)	Hatbox	\$ 47.35	359
40,000 Lumens	(MH) (400W)	Shoebox Type	\$ 27.08	159
15,000 Lumens	(HPS) (150W)	Modern	\$ 12.27	62
15,000 Lumens	(HPS) (150W)	Classic	\$ 17.10	62
50,000 Lumens	(HPS) (400W)	Hatbox	\$ 29.57	158
140,000 Lumens	(HPS) (1000W)	Hatbox	\$ 42.93	368

RATE PER POLE

15' MH - Aluminum Shepherd's Crook - Direct Buried	\$ 29.95
15' MH - Aluminum Shepherd's Crook - Base Mounted	\$ 35.99
12' MH - Smooth/Fluted Aluminum - Direct Buried	\$ 23.20
14' MH - Smooth/Fluted Aluminum - Direct Buried	\$ 23.85
14' MH - Standard Fiberglass - Direct Buried	\$ 9.79
35' MH - Square Aluminum - Direct Buried	\$ 26.80
35' MH - Round Aluminum - Direct Buried	\$ 27.80
30' MH - Round Aluminum - Base Mounted	\$ 32.70
30' MH - Square Aluminum - Base Mounted	\$ 35.70

RATE 18

UNDERGROUND
STREET LIGHTING

(Page 2 of 2)

RESIDENTIAL SUBDIVISION CUSTOMER CHARGE

*The lights described above may be installed in new or existing residential subdivisions at the ratio of one light for either every four (4) or six (6) metered residences. An administrative charge of \$2.75 will be added to each fixture billed under this provision. Each monthly bill rendered will include an amount for the installed lighting. Such amount will be determined by adding the appropriate charges above for the installed luminaries, pole, and administrative charge and dividing such charge by either four (4) or six (6). This provision is applicable only if no other lighting option is available for the residential subdivision. This provision is not available for lighting parking lots, shopping centers, other public or commercial areas nor the streets of an incorporated municipality.

REPLACEMENT OF EXISTING SYSTEMS

In the event that the customer desires to replace an existing lighting system owned and operated by the company, the customer shall be required to pay to the Company an amount equal to the provision for early contract termination listed below.

PROVISION FOR EARLY CONTRACT TERMINATION

In the event that the customer terminates the contract prior to the end of the contract term, the customer shall pay as the termination charge the appropriate charges above excluding fuel for the remainder of the contract term; plus the sum of original cost of the installed equipment, less accumulated depreciation through the effective termination date, plus removal and disposal costs, plus environmental remediation costs less any applicable salvage values, the total of which shall in no case be less than zero.

MINIMUM CHARGE

When construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02413 per kWh are included in the monthly lamp charge and are subject to adjustment by order of the Public Service Commission of South Carolina.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

EDIT DECUREMENT RIDER

The Energy Charges above will be reduced by \$0.00393 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

TERM OF CONTRACT

Contracts under this rate shall be written for a period of not less than ten (10) years. The Company reserves the right to remove its facilities when subject to vandalism or for other cogent reasons.

SPECIAL PROVISIONS

The Company will furnish, erect, operate and maintain all necessary equipment in accordance with its standard specifications. Standard service for post top decorative lamps requiring underground wiring shall include one hundred twenty five feet of service conductor, all necessary trenching and back-filling in normal, unimproved soil. Non-standard equipment or installation in extraordinary conditions such as, but not limited to, landscaped areas, paved areas, or extremely rocky or wet soil will require the customer to pay the difference in cost between such non-standard equipment and/or extraordinary conditions and the standard service installed under normal conditions or pay to the Company its normal monthly facility charge based on such difference in costs.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule. Service hereunder is subject to Rules and Regulations for Electric Service of the Public Service Commission of South Carolina.

RATE 20

MEDIUM GENERAL SERVICE

(Page 1 of 2)

AVAILABILITY

This rate is available to any non-residential customer using the Company's standard service for power and light requirements and having a contract demand of 75 KVA or over. It is not available for resale service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, three phase, metering at the delivery voltage which shall be standard to the Company's operation.

RATE PER MONTH

I. Basic Facilities Charge	\$ 190.00
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II. Demand Charge:

All KVA of Billing Demand @	\$ 17.88 per KVA
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The billing demand (to the nearest whole KVA) shall be the greatest of: (1) the maximum integrated fifteen minute demand measured (which may be on a rolling time interval) during the current month; or (2) eighty percent (80%) of the highest demand occurring during the billing months June through September in the eleven preceding months; or (3) sixty percent (60%) of the highest demand occurring during the billing months of October through May in the eleven preceding months; or (4) the contract demand; or (5) 75 KVA.

III. Energy Charge:

First 75,000 kWh @	\$ 0.04400 per kWh
Excess over 75,000 kWh @	\$ 0.04317 per kWh

MINIMUM CHARGE

The monthly minimum charge is the demand as determined above. It shall also include the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below. The Company may allow a buildup period not to exceed six months for new and expanding accounts during which time the contract demand and/or the minimum demand specified in the rate schedule may be waived. The Company shall not commit itself to a buildup period exceeding six months without prior approval of the Commission for the specific account involved.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02488 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$.615 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00277 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00105 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

RATE 20

MEDIUM GENERAL SERVICE

(Page 2 of 2)

TERM OF CONTRACT

The contract terms will depend on the conditions of service. No contract shall be written for a period of less than five (5) years.
A separate contract shall be written for each meter.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

RIDER TO RATES 20 AND 23

SERVICE FOR COOL
THERMAL STORAGE

(Page 1 of 2)

AVAILABILITY

This rider is available to customers served under Rate Schedules 20 and 23 for thermal storage during billing months June through September. Service under this rider shall be available at customer's request and with Company Certification of customer's installed thermal storage system. The qualifying thermal storage unit must be capable of removing at least thirty percent (30%) of the customer's actual or expected load during the on-peak hours. The provisions of Rate Schedules 20 and 23 are modified only as shown herein.

DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

A. On-Peak Hours:

The on-peak hours during June through September are defined as the hours between 1:00 p.m.-9:00 p.m., Monday-Friday, excluding holidays.*

B. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified as on-peak hours.

*Holidays are: Independence Day and Labor Day.

BILLING DEMAND DETERMINATION

Billing Months June Through September

The on-peak billing demand (to the nearest whole number) shall be the greatest of the following and shall be billed on the Applicable Rate Demand charge:

- (1) The maximum, integrated fifteen minute demand measured (which may be on a rolling time interval) during the hours of 1:00 p.m. to 9:00 p.m., Monday-Friday;
- (2) 90% of the demand registered during these hours for the previous June through September billing period, if service was supplied under this rider. If customer is receiving initial service under this rider, the ratchet during the June through September billing period will be waived.
- (3) The contract demand.
- (4) Applicable Rate Minimum.

Billing Months October Through May

The billing demand (to the nearest whole number) shall be the greatest of the following and shall be billed on the Applicable Rate Demand charge:

- (1) The maximum, integrated fifteen minute demand measured (which may be on a rolling time interval).
- (2) 60% of the highest demand occurring during the preceding October through May billing period.
- (3) The contract demand.
- (4) Applicable Rate Minimum.

EXCESS BILLING DEMAND

Billing Months June Through September

The excess billing demand shall be the positive difference between the maximum integrated fifteen minute demand measured during off-peak hours minus the on-peak billing demand.

RATES PER MONTH

Excess Billing Demand Applicable to Rate 20	\$ 4.55 per KVA
Excess Billing Demand Applicable to Rate 23	\$ 4.55 per KW

RIDER TO RATES 20 AND 23

**SERVICE FOR COOL
THERMAL STORAGE**
(Page 2 of 2)

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

TERM OF CONTRACT

The contract terms will depend on the conditions of service. No contract shall be written for a period less than five (5) years. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and a part of these riders.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

RATE 21

GENERAL SERVICE
TIME-OF-USE-DEMAND
(Page 1 of 2)

AVAILABILITY

This rate is available to any customer using the Company's standard service for power and light requirements and having a contract demand of 50 KVA and a maximum demand of less than 1,000 KVA. It is not available for resale service.

CHARACTER OF SERVICE

Alternating current, 60 hertz, three phase, metering at the delivery voltage which shall be standard to the Company's operation.

RATE PER MONTH

I. Basic Facilities Charge:		\$	205.00
II. Demand Charge:			
A. On-Peak Billing Demand:			
1. Summer Months of June-September @	\$	22.45	per KVA
2. Non-Summer Months of October-May @	\$	15.15	per KVA
B. Off-Peak Billing Demand			
1. All Off-Peak Billing Demand @	\$	4.83	per KVA
III. Energy Charge:			
A. On-Peak kWh			
1. Summer Months of June-September @	\$	0.07967	per kWh
2. Non-Summer Months of October-May @	\$	0.05226	per kWh
B. Off-Peak kWh			
1. All Off-Peak @	\$	0.04062	per kWh

BILLING DEMAND

The billing demands will be rounded to the nearest whole KVA. The maximum integrated fifteen minute demand for any period may be recorded on a rolling time interval.

For the summer months, the on-peak billing demand shall be the maximum integrated fifteen minute demand measured during the on-peak hours of the current month.

For the non-summer months, the on-peak billing demand will be the greater of: (1) the maximum integrated fifteen minute demand measured during the on-peak hours of the current month, or (2) eighty percent (80%) of the maximum integrated demand occurring during the on-peak hours of the preceding summer months.

The off-peak billing demand shall be the greatest of the following positive differences: (1) the maximum integrated fifteen minute demand measured during the off-peak hours minus the on-peak billing demand, (2) the contract demand minus the on-peak billing demand or (3) 50 KVA minus the on-peak billing demand.

DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

A. On-Peak Hours During Summer Months:

June-September:

The on-peak summer hours are defined as the hours between 1:00 p.m.-9:00 p.m., Monday-Friday, excluding holidays.*

B. On-Peak Hours During Non-Summer Months:

May and October:

The on-peak non-summer hours are defined as the hours between 1:00 p.m.-9:00 p.m., Monday-Friday, excluding holidays.*

November-April:

The on-peak non-summer hours are defined as these hours between 6:00 a.m.-12:00 noon and 5:00 p.m.-9:00 p.m., Monday-Friday, excluding holidays.*

C. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified as on-peak hours.

*Holidays are: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

DOMINION ENERGY SOUTH CAROLINA, INC.

ELECTRICITY

RATE 21

**GENERAL SERVICE
TIME-OF-USE-DEMAND**
(Page 2 of 2)

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02488 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00277 per kWh for Demand Side Management expenses.

PENSION COST COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00105 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

TERM OF CONTRACT

The contract terms will depend on the conditions of service. No contract shall be written for a period less than five (5) years. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

RATE 22

SCHOOL SERVICE

AVAILABILITY

This rate is available to customers using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system for general light and/or power service to schools. It is not available for resale service. It is only available to recognized non-boarding schools with up through grade twelve.

CHARACTER OF SERVICE

Alternating Current, 60 hertz. Voltage and phase at the option of the Company.

RATE PER MONTH

Basic Facilities Charge:	\$	16.30
Plus Energy Charge:		
First 50,000 kWh @	\$	0.10189 per kWh
Excess over 50,000 kWh @	\$	0.11998 per kWh

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below, provided however, when construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02508 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$6.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00433 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00142 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Under no conditions will the Company allow the service to be resold to or shared with others. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

When a school offers activities that, in the sole opinion of the Company, are of a commercial nature such as day care, camps or recreational activities, the Company may require that the account be served under the appropriate general service rate.

TERM OF CONTRACT

Contracts shall be written for a period of not less than five (5) years. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

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RATE 23**LARGE GENERAL SERVICE****AVAILABILITY**

This rate is available to any customer with an average annual load factor of 60% or higher based on On-Peak CP demand using the Company's standard service for power and light requirements and having a contract demand of 1,000 KW or over. It is not available for resale service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, three phase, metering at the delivery voltage which shall be standard to the Company's operation.

RATE PER MONTH

I. Basic Facilities Charge \$ 1,750.00

II. Demand Charge:

All KW of Billing Demand @ \$ 15.05 per KW

The billing demand (to the nearest whole KW) shall be the greatest of: (1) the maximum integrated fifteen minute demand measured (which may be on a rolling time interval) during the current month; or (2) eighty percent (80%) of the highest demand occurring during the billing months of June through September in the eleven preceding months; or (3) sixty (60%) of the highest demand occurring during the billing months of October through May in the eleven preceding months; or (4) the contract demand; or (5) 1,000 KW.

The customer shall maintain a power factor of as near unity as practicable. If the power factor of the customer's installation falls below 85%, the Company will adjust the billing demand to a basis of 85% power factor.

III. Energy Charge:

All kWh @ \$ 0.04090 per kWh

DISCOUNT

A discount of \$0.60 per KW of billing demand will be allowed when the service is supplied at a delivery voltage of 46,000 volts or higher.

MINIMUM CHARGE

The monthly minimum charge is the demand as determined above. It shall also include the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below. The Company may allow a buildup period not to exceed six months for new and expanding accounts during which time the contract demand and/or the minimum demand specified in the rate schedule may be waived. The Company shall not commit itself to a buildup period exceeding six months without prior approval of the Commission for the specific account involved.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$0.02464 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$100.00 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00127 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of -\$0.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECUREMENT RIDER

The Energy Charges above will be reduced by \$0.00057 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

TERM OF CONTRACT

The contract terms will depend on the conditions of service. No contract shall be written for a period less than five (5) years. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

RATE 24

**LARGE GENERAL SERVICE
TIME-OF-USE**
(Page 1 of 2)

AVAILABILITY

This rate is available to any customer using the Company's standard service for power and light requirements and having a contract demand of 1,000 KW or over. It is not available for resale service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, three phase, metering at the delivery voltage which shall be standard to the Company's operation.

RATE PER MONTH

I. Basic Facilities Charge:	\$ 1,750.00
II. Demand Charge:	
A. On-Peak Billing Demand	
1. Summer Months of June-September @	\$ 18.20 per KW
2. Non-Summer Months of October-May @	\$ 12.86 per KW
B. Off-Peak Billing Demand	
1. All Off-Peak Billing Demand @	\$ 5.53 per KW
III. Energy Charge:	
A. On-Peak kWh	
1. Summer Months of June-September @	\$ 0.06777 per kWh
2. Non-Summer Months of October-May @	\$ 0.04878 per kWh
B. Off-Peak kWh	
1. All Off-Peak @	\$ 0.03784 per kWh

BILLING DEMAND

The billing demands will be rounded to the nearest whole KW. If the power factor of the customer's current month maximum integrated fifteen minute KW demand for the on-peak and off-peak time periods are less than 85%, then the Company will adjust same to 85%. The maximum integrated fifteen minute demand for any period may be recorded on a rolling time interval.

For the summer months, the on-peak billing demand shall be the maximum integrated fifteen minute demand measured during the on-peak hours of the current month.

For the non-summer months, the on-peak billing demand will be the greater of: (1) the maximum integrated fifteen minute demand measured during the on-peak hours of the current month, or (2) eighty percent (80%) of the maximum integrated demand occurring during the on-peak hours of the preceding summer months.

The off-peak billing demand shall be the greatest of the following positive differences: (1) the maximum integrated fifteen minute demand measured during the off-peak hours minus the on-peak billing demand, or (2) the contract demand minus the on-peak billing demand, or (3) 1,000 KW minus the on-peak billing demand.

DISCOUNT

A discount of \$0.60 per KW of on-peak and off-peak billing demand will be allowed when the service is supplied at a delivery voltage of 46,000 volts or higher.

DETERMINATION OF ON-PEAK HOURS

A. On-Peak Hours During Summer Months:

June-September:

The on-peak summer hours are defined as the hours between 1:00 p.m.-9:00 p.m., Monday-Friday, excluding holidays.*

B. On-Peak Hours During Non-Summer Months:

May and October:

The on-peak non-summer hours are defined as the hours between 1:00 p.m.-9:00 p.m., Monday-Friday, excluding holidays.*

November-April:

The on-peak non-summer hours are defined as those hours between 6:00 a.m.-12:00 noon and 5:00 p.m.-9:00 p.m., Monday-Friday, excluding holidays.*

C. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified as on-peak hours.

*Holidays are: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

RATE 24

LARGE GENERAL SERVICE

TIME-OF-USE

(Page 2 of 2)

MINIMUM CHARGE

The monthly minimum charge is the demand as determined above. It shall also include the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below. The Company may allow a buildup period not to exceed six months for new and expanding accounts during which time the contract demand and/or the minimum demand specified in the rate schedule may be waived. The Company shall not commit itself to a buildup period exceeding six months without prior approval of the Commission for the specific account involved.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02464 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$100.00 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00127 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of -.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00057 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

TERM OF CONTRACT

The contract terms will depend on the conditions of service. No contract shall be written for a period of less than five (5) years. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

RATE 25

**OVERHEAD
FLOODLIGHTING**

AVAILABILITY

This rate is available to customers using the Company's electric service for Overhead Floodlighting.

RATE

All night floodlighting service where fixtures are mounted on Company's standard wooden poles which are part of Company's distribution system will be charged for at the following rates:

SIZE AND DESCRIPTION			Lamp Charges per Month	kWh per Month
30,000	Lumens	(MH) (320W)	\$ 23.85	123
110,000	Lumens	(Metal Halide) (1,000W)	\$ 46.87	359
45,000	Lumens	(HPS) (400W)	\$ 21.31	158
140,000	Lumens	(HPS)	\$ 39.37	368
23,600	Lumens	(LED) (200W)	\$ 18.53	66
32,300	Lumens	(LED) (260W)	\$ 23.05	86

Effective September 2021 selected existing light sets will no longer be available for new installations. Replacement light sets will only be available until inventory is depleted and will be replaced on a first-come, first-served basis. Affected lights are as follows:

20,000	Lumens	(Mercury) (400W)	\$ 21.15	159
55,000	Lumens	(Mercury) (1,000W)	\$ 33.31	359
40,000	Lumens	(Metal Halide) (400W)	\$ 28.07	159
45,000	Lumens	(HPS) (360W) - Retrofit	\$ 22.37	164
130,000	Lumens	(HPS) (940W) - Retrofit	\$ 39.91	370
22,350	Lumens	(LED) (240W)	\$ 23.32	80
32,300	Lumens	(LED) (360W)	\$ 30.80	121

Cost per month for each additional pole:

25'	30'	35'	40'	45'
(Fiberglass)				
\$10.65	\$5.20	\$5.75	\$6.90	\$8.35

MINIMUM CHARGE

When construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02413 per kWh are included in the monthly lamp charge and are subject to adjustment by order of the Public Service Commission of South Carolina.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00393 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

TERM OF CONTRACT

The initial term of this contract shall be for a period of five (5) years and, thereafter, for like periods until terminated by either party on thirty days' written notice, but the Company may require a contract of initial term up to ten (10) years and may require an advance deposit not to exceed one half of the estimated revenue for the term of the initial contract. The Company reserves the right to remove its facilities when subject to vandalism or for other cogent reasons.

SPECIAL PROVISIONS

The Company will furnish, erect, operate and maintain all necessary equipment in accordance with its standard specifications. It is the customer's responsibility to notify the Company when equipment fails to operate properly. Non-standard service requiring underground, special fixtures and/or poles will be furnished only when the customer pays the difference in costs between such non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

RATE 26

**OVERHEAD PRIVATE
STREET LIGHTING**

AVAILABILITY

This rate is available to customers using the Company's electric service for overhead street lighting.

RATE

All night street lighting service where fixtures are mounted on Company's existing standard wooden poles which are a part of Company's distribution system will be charged for at the following rates:

SIZE AND DESCRIPTION			Lamp Charges per Month	kWh per Month
8,000	Lumens	(LED) (60W) Open Type	\$ 7.34	20
15,000	Lumens	(HPS) (150W) Open Type	\$ 9.80	57
9,000	Lumens	(MH) (100W) Closed Type	\$ 10.45	37
30,000	Lumens	(MH) (320W) Closed Type	\$ 17.28	123
15,000	Lumens	(HPS) (150W) Closed Type	\$ 11.27	62
50,000	Lumens	(HPS) (400W) Closed Type	\$ 18.50	158

Effective September 2021, selected existing light sets will no longer be available for new installations. Replacement light sets will only be available until inventory is depleted and will be replaced on a first-come, first-served basis. Affected lights are as follows:

4,800	Lumens	(LED) (50W) Open Type	\$ 8.88	16
7,500	Lumens	(Mercury) (175W) Open Type	\$ 9.15	69
10,000	Lumens	(Mercury) (250W) Open Type	\$ 13.65	95
7,500	Lumens	(Mercury) (175W) Closed Type	\$ 11.24	69
20,000	Lumens	(Mercury) (400W) Closed Type	\$ 17.02	159
9,500	Lumens	(HPS) (100W) Open Type	\$ 9.96	38
15,000	Lumens	(HPS) (150W) Open Type - Retrofit	\$ 9.70	63
9,500	Lumens	(HPS) (100W) Closed Type	\$ 10.21	38
27,500	Lumens	(HPS) (250W) Closed Type	\$ 16.20	102
45,000	Lumens	(HPS) (360W) Closed Type - Retrofit	\$ 18.67	164

Cost per month for each additional pole:

25'	30'	35'	40'	45'
(Fiberglass)				
\$10.65	\$5.20	\$5.75	\$6.90	\$8.35

MINIMUM CHARGE

When construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02413 per kWh are included in the monthly lamp charge and are subject to adjustment by order of the Public Service Commission of South Carolina.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

EDIT DECUREMENT RIDER

The Energy Charges above will be reduced by \$.00393 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

TERM OF CONTRACT

The initial term of this contract shall be for a period of five (5) years and, thereafter, for like periods until terminated by either party on thirty days' written notice, but the Company may require a contract of initial term up to ten (10) years and may require an advance deposit not to exceed one half of the estimated revenue for the term of the initial contract. The Company reserves the right to remove its facilities when subject to vandalism or for other cogent reasons.

SPECIAL PROVISIONS

The Company will furnish, erect, operate and maintain all necessary equipment in accordance with its standard specifications. It is the customer's responsibility to notify the Company when equipment fails to operate properly. Non-standard service requiring underground, special fixtures and/or poles will be furnished only when the customer pays the difference in costs between such non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

Effective August 29, 2018, this schedule is suspended indefinitely. A Customer taking service under Rate 27 as of August 29, 2018, may continue to take service under Rate 27 unless and until the Customer chooses to no longer take service under Rate 27. Any customer negotiating with Dominion Energy South Carolina as of August 17, 2018, to take service under Rate 27 customer will be allowed to execute a Rate 27 contract unless and until that customer notifies Dominion Energy South Carolina that it does not wish to take service under Rate 27. If a Customer chooses to no longer take service under Rate 27, the Customer may not reapply for service under Rate 27 during the indefinite suspension.

AVAILABILITY

This rate is available for Large Commercial and Industrial Customers. Qualifying Customers must have a monthly maximum demand of not less than 1000 kW.

This rate schedule is not available in conjunction with the Company's Interruptible Rider. Also, this rate is not available for resale service.

METERING OF LOAD

Standard metering for Real Time Pricing (RTP) is the conventional interval demand recording meter typically used for Customers with loads of 1000 kW or greater.

CHARGES PER MONTH

Baseline Charges: The Baseline Charges for each Customer are calculated using the current version of the Customer's otherwise applicable tariff and the Baseline Billing determinants. If there is a change in the filed tariff rates used to calculate the baseline charges or if the base fuel rate changes, these changes will be reflected in the baseline charges.

Marginal Energy Charge: The Energy Charge is an hourly cents per kWh charge. It consists of the incremental energy cost and any other directly related marginal production costs including line losses for that hour. This charge will be communicated to the Customer as described in the Billing Determination below.

Rationing Charge: The Rationing Charge is an hourly cents per kWh charge. It consists of generation costs only. These costs will be applied when regional available generation capacity is low. If these conditions do not occur, the Rationing Charge will be zero. The Rationing Charge will be communicated to the Customer as described in the Notice and Billing Determination below.

Risk Adder: \$.005 per kWh will be applied to the incremental kilowatt hours above and below the Customer Base Load.

Transmission Charge: All new RTP load above the Customer Baseline Load (CBL) will carry a per kWh transmission charge plus charges for two ancillary services, scheduling and dispatch service and reactive supply and voltage control service. The transmission charge for RTP load above the CBL is \$.00469 per kWh.

Demand Side Management Component: The energy charges above include a DSM component of \$.00127 per kWh for Demand Side Management expenses.

Pension Costs Component: The energy charges above include a Pension Costs component of -.00020 per kWh as approved by the Public Service Commission of South Carolina.

Storm Damage Component: Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

Administrative Charge: An administrative charge of \$200 per month will be charged to cover billing, administrative, and communication costs associated with the LPS (Large Power Service)-RTP program.

Sales Tax and Franchise Charge: To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

BILL DETERMINATION

LPS-RTP Bill $Mo. = \text{Baseline Charges. } Mo. + (\sum ((\text{Price}_{Hr.} \times \text{New Load}_{Hr.}) - (\text{Price}_{Hr.} \times \text{Reduced Load}_{Hr.}))) + (\text{Transmission Charge}_{Hr.} \times \text{New Load}_{Hr.}) + \text{Admn. Charges} + \text{Applicable Taxes.}$

Where:

LPS-RTP Bill $Mo. = \text{Total Customer's RTP bill.}$

Baseline Charge _{Mo.} = Monthly charge calculated using the Customer approved Baseline Billing Determinants and the current version of the Customer's otherwise applicable rate schedule.

Σ = Sum of all hours of the monthly billing period.

Price _{Hr.} = The hourly marginal energy charge plus the hourly rationing charge plus the risk adder.

New Load _{Hr.} = The Customer's metered hourly actual load less the hourly baseline load when the hourly actual load exceeds the hourly baseline load.

Reduced Load _{Hr.} = The Customer's metered hourly actual load less the hourly baseline load when the hourly baseline load exceeds the hourly actual load.

Transmission Charges _{Hr.} = Per kWh charge on the new RTP load recorded in the monthly billing period above the CBL.

Administrative Charge = The monthly charge for administration of Rate 27.

Applicable Taxes = The monthly applicable sales tax, franchise fee and / or business license tax.

NOTICE AND BILLING DETERMINATION

Pricing Period: Each hour of each day is a separate pricing period and the corresponding quoted energy price is applicable to energy consumption during that hour that differs from the CBL. Each day begins at 12:00:01 a.m. and ends at 12:00 midnight. Each hour begins at the one second mark and ends on the hour mark.

Marginal Energy Charge and Rationing Charge Notification: Each business day by 4:00 p.m., 24 hourly prices consisting of the hourly incremental energy charge, the Risk Adder, if applicable and the hourly Rationing Charge, for the following day will be communicated to the Customer via a method specified by the Company. Prices for weekends, including Mondays and holidays, may be communicated to the Customer by 4:00 p.m. the business day prior to the weekend or holiday. Holidays are defined in the conventional Company tariffs. The Company reserves the right to change any hourly price by 4:00 p.m. on the day prior to the affected day. The Customer shall supply the Company the name and 24 hour telephone number of a contact person. It is the Customer's responsibility to notify the Company if the pricing information is not received. If, for any reason, the Customer fails to receive the pricing information by 5:00 p.m. and fails to notify the Company that it has not received the prices, the Company is under no obligation to change or alter the prices it has posted and will bill the Customer according to the provisions set forth above. The Company is not responsible for a Customer's failure to act upon the hourly RTP prices.

Power Factor Adjustment: The Customer shall maintain a power factor of as near unity as practical. If the average hourly monthly power factor falls below 85%, a power factor adjustment charge will be assessed as follows:

Power Factor Adj. = $((\text{MkVA} * 85\%) - \text{MkW}) * \text{kW Charge}$

Where:

MkVA	= kVA measured at the time of MkW
MkW	= Maximum kW in any 15 minute period during the current month
kW Charge	= Kilowatt Charge from standard rate schedule

CBL Calculation

At the beginning of each year, except for the Customer's initial subscription year on RTP, the Customer's current CBL shall be adjusted following the rules and procedures described below as a condition for continued subscription to RTP. Failure by the Customer to approve the revised CBL as part of the RTP contract shall result in the cancellation of the RTP contract and the Customer's service shall be billed under the rate schedule applicable prior to subscription or under such rate schedule as is appropriate to the Customer's service classification.

Standard CBL Adjustment

At the beginning of each year, the previous calendar year's billing determinants will be reviewed to determine the level of demand and energy that is subject to real time pricing. If the level of demand or energy or both exceeds 20% of the total demand or energy or both, then the CBL will be adjusted in order to limit the amount of load subject to real time pricing to 20% of the previous calendar

year's total load. If the level of demand or energy subject to RTP is less than 20% of the previous calendar year's total load, then no adjustment to the CBL will be required.

Baseline Billing Determinants: The Baseline Billing Determinants are developed using a complete year of hourly load data that accurately represents the Customer's electrical load pattern. This is negotiated and agreed to by the Customer and the Company as representative of the Customer's operation. The Baseline Billing Determinants will be used to measure changes in consumption for Rate 27 billing. The Customer and the Company must agree on the Baseline Bill Determinants before the Customer is put on Rate 27. Once agreed upon, the Baseline Billing Determinants cannot be changed except for the reasons outlined in CBL Calculation and Standard CBL Adjustment or the following:

- Any permanent plant additions or improvements that affect load levels as verified to the Company's satisfaction
- Any permanent plant shutdowns
- Any adjustments that reflect the Customer's response to Company sponsored load management program

Any changes in the Baseline Billing Determinants resulting from the reasons above, must be agreed upon by the Company and the Customer. The Customer must provide documentation sufficient to substantiate the requested CBL adjustment. The Company, at its sole discretion, will determine whether to adjust the CBL. If changes in the Customer's electricity usage level cause the Company to change out, modify, or enhance any equipment associated with service delivery voltage, the Customer shall reimburse the Company for all cost incurred as a condition for continuing on Rate 27.

SPECIAL PROVISIONS

Adjustment for Fuel Costs: The Company's Adjustment for Fuel, Variable Environmental & Avoided Capacity, and Distributed Energy Resource Costs is incorporated as part of, and will apply to all service supplied under this Rate Schedule, including the determination of the Baseline Charge.

Capital Cost Component Rider: The Capital Cost Component Rider reflects the Capital Cost Component Rider adjustment to the Baseline Billing rates as approved by the Public Service Commission of South Carolina.

EDIT Decrement Rider: The Energy Charges above will be reduced by \$0.00057 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

Payment Terms: All bills are net and payable when rendered.

Terms of Contract: The term of contract for this rate is five (5) years with a minimum of twenty-four (24) months termination notice requirement. Upon termination, the Customer may not return to Rate 27 pricing for a minimum of twelve (12) months. If the Customer reverts to the rate schedule under which service was received prior to Rate 27 or any other eligible rate, usage under Rate 27 will not affect the Customer's billing determinants under that rate schedule nor will it affect the term of the Customer's new contract. Following the minimum 12 month absence, should a customer elect to return to Rate 27, the Customer will be treated as a new Rate 27 customer for purposes of administering this tariff.

Billing Cycle: The Customer shall be billed on a calendar month basis.

Facility Charges: Facility Charges will be billed under the Baseline Charges. Any extra facility charges will be calculated according to Company policy and procedure, and billed as part of the total bill.

General Terms and Conditions: The Company's General Terms and Conditions, including curtailment provisions, are incorporated by reference and are part of this rate schedule.

**RATE 28
(EXPERIMENTAL)**

**SMALL GENERAL SERVICE
TIME-OF-USE DEMAND**
(Page 1 of 2)

AVAILABILITY

This rate is available to any non-residential customer using the Company's standard service which is specified as a single point of delivery per premises from an existing overhead distribution system for power and light requirements and having an on-peak demand of not more than 100KW. The second billing month within a twelve billing month period that on-peak demand exceeds 100 KW will terminate eligibility under this rate schedule. It is not available for resale service. This rate is available to a maximum of 25 customers not enrolled under the Company's Rider to Rates 7 & 28 - Net Metering For Renewable Energy Facilities.

CHARACTER OF SERVICE

Alternating Current, 60 hertz. Voltage and phase at the option of the Company.

RATE PER MONTH

I. Basic Facilities Charge:	\$ 25.65
II. Demand Charge:	
A. On-Peak Billing Demand:	
1. Summer months of June-September @	\$ 19.06 per KW
2. Non-Summer months of October-May @	\$ 11.91 per KW
B. Off-Peak Billing Demand	
1. All Off-Peak Billing Demand @	\$ 3.81 per KW
III. Energy Charge:	
A. On-Peak kWh	
1. All On-Peak @	\$ 0.10108 per kWh
B. Off-Peak kWh	
2. All Off-Peak @	\$ 0.07832 per kWh

BILLING DEMAND

The billing demands will be rounded to the nearest whole KW. The maximum integrated fifteen minute demand for any period may be recorded on a rolling time interval.

For the summer months, the on-peak billing demand shall be the maximum integrated fifteen minute demand measured during the on-peak hours of the current month.

For the non-summer months, the on-peak billing demand will be the greater of: (1) the maximum integrated fifteen minute demand measured during the on-peak hours of the current month, or (2) eighty percent (80%) of the maximum integrated demand occurring during the on-peak hours of the preceding summer months.

The off-peak billing demand shall be the greatest of the following positive differences: (1) the maximum integrated fifteen minute demand measured during the off-peak hours minus the on-peak billing demand or (2) the contract demand minus the on-peak billing demand.

DETERMINATION OF ON-PEAK HOURS

A. On-Peak Hours:

June-September:

The on-peak summer hours are defined as the hours between 1:00 p.m.-9:00 p.m., Monday-Friday, excluding holidays.*

October-May:

The on-peak non-summer hours are defined as those hours between 6:00 a.m.-10:00 a.m. and 6:00 p.m.-10:00 p.m.

Monday-Friday, excluding holidays.*

B. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified as on-peak hours.

*Holidays are: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

MINIMUM CHARGE

The monthly minimum charge shall be the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below, provided however, when construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

**RATE 28
(EXPERIMENTAL)****SMALL GENERAL SERVICE
TIME-OF-USE DEMAND
(Page 2 of 2)****ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS**

Fuel costs of \$.02508 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$6.15 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00433 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECUREMENT RIDER

The Energy Charges above will be reduced by \$.00142 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

POWER FACTOR

If the power factor of the customer's installation falls below 85%, the Company may adjust the billing to a basis of 85% power factor.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

The Company shall have the right to install and operate special metering equipment to measure customer's loads or any part thereof and to obtain any other data necessary to determine the customer's load characteristics.

TERM OF CONTRACT

The contract terms will depend on the conditions of service. Contracts for installations of a permanent nature shall be written for a period of not less than one (1) year. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

August 16, 2021

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RESIDENTIAL SUBDIVISION STREET LIGHTING**AVAILABILITY**

Available to residential subdivisions located on the Company's distribution system. Residents of established subdivisions must first execute a street lighting agreement with the Company. This rate schedule is not available for lighting parking lots, shopping centers, other public or commercial areas or the streets of an incorporated municipality nor if other lighting options are available for new residential subdivisions.

RATE

All night street lighting service where fixtures are mounted on Company's existing standard wooden poles which are a part of Company's overhead distribution system will be charged for at the following rates:

The following amount will be added to each monthly bill rendered for residential electric service within the subdivision:

<u>Bracket Mounted Luminaries</u>					
1 light per 8 customers or fraction thereof				Lamp Charges per Month	
9,000	Lumens	(MH) (100W) Closed Type		\$ 2.30	per customer
15,000	Lumens	(HPS) (150W) Open Type		\$ 2.22	per customer
15,000	Lumens	(HPS) (150W) - Retrofit		\$ 2.21	per customer

The following metal halide fixtures are available for new installations only to maintain pattern sensitive areas:

1 light per 4 customers or fraction thereof					
9,000	Lumens	(MH) (100W) Closed Type		\$ 4.60	per customer
1 light per 3 customers or fraction thereof					
9,000	Lumens	(MH) (100W) Closed Type		\$ 6.13	per customer
1 light per 2 customers or fraction thereof					
9,000	Lumens	(MH) (100W) Closed Type		\$ 9.20	per customer

All night street lighting service in subdivisions being served from Company's underground distribution system:

The following amount will be added to each monthly bill rendered for residential electric service within the subdivision:

Post-Top Mounted Luminaries			Traditional Lamp Charges per Month	Modern Lamp Charges per Month	Classic Lamp Charges per Month
1 light per 6 customers or fraction thereof					
9,000	Lumens	(MH) (100W)	\$ 4.10	\$ 4.10	\$ 4.73 per customer
15,000	Lumens	(HPS) (150W) - Retrofit	\$ 4.12	\$ 4.14	\$ 4.94 per customer
1 light per 4 customers or fraction thereof					
9,000	Lumens	(MH) (100W)	\$ 6.15	\$ 6.15	\$ 7.10 per customer
15,000	Lumens	(HPS) (150W) - Retrofit	\$ 6.18	\$ 6.20	\$ 7.41 per customer

The following fixture is available for new installations only to maintain pattern sensitive areas:

1 light per 6 customers or fraction thereof					
9,500	Lumens	(HPS) (100W) - Traditional		\$ 4.12	per customer

Effective September 2021, selected existing light sets will no longer be available for new installations. Replacement light sets will only be available until inventory is depleted and will be replaced on a first-come, first-served basis. Affected lights are as follows:

Open Type Globe - 1 light per 8 customers or fraction thereof

7,500	Lumens	(Mercury) (175W) Open Type		\$ 2.14	per customer
7,500	Lumens	(Mercury) (175W) Closed Type		\$ 2.40	per customer

Open Type Globe - 1 light per 4 customers or fraction thereof

7,500	Lumens	(Mercury) (175W) Open Type		\$ 4.28	per customer
7,500	Lumens	(Mercury) (175W) Closed Type		\$ 4.80	per customer

Open Type Globe - 1 light per 3 customers or fraction thereof

7,500	Lumens	(Mercury) (175W) Open Type		\$ 5.70	per customer
7,500	Lumens	(Mercury) (175W) Closed Type		\$ 6.40	per customer

Open Type Globe - 1 light per 2 customers or fraction thereof

7,500	Lumens	(Mercury) (175W) Open Type		\$ 8.55	per customer
7,500	Lumens	(Mercury) (175W) Closed Type		\$ 9.60	per customer

Post-Top Mounted Luminaries			Traditional Lamp Charges per Month	Modern Lamp Charges per Month	Classic Lamp Charges per Month
1 light per 6 customers or fraction thereof					
7,500	Lumens	(Mercury) (175W)	\$ 4.05	\$ 4.13	\$ 4.81
1 light per 4 customers or fraction thereof					
7,500	Lumens	(Mercury) (175W)	\$ 6.07	\$ 6.19	\$ 7.21

RESIDENTIAL SUBDIVISION STREET LIGHTING

MINIMUM CHARGE

When construction costs exceed four (4) times the estimated annual revenue excluding fuel revenue to be derived by the Company, the customer may make a contribution in aid of construction of the excess cost or pay the Company's standard facility rate on the excess construction cost in addition to the rate charges above.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02413 per kWh are included in the monthly lamp charge and are subject to adjustment by order of the Public Service Commission of South Carolina.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00020 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

EDIT DECUREMENT RIDER

The Energy Charges above will be reduced by \$.00393 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

TERM OF CONTRACT

The initial term of this contract shall be for a period of five (5) years and, thereafter, for like periods until terminated by either party on thirty days' written notice, but the Company may require a contract of initial term up to ten (10) years and may require an advance deposit not to exceed one half of the estimated revenue for the term of the initial contract. The Company reserves the right to remove its facilities when subject to vandalism or for other cogent reasons.

SPECIAL PROVISIONS

The Company will furnish, erect, operate and maintain all necessary equipment in accordance with its standard specifications. It is the customer's responsibility to notify the Company when equipment fails to operate properly. Non-standard service requiring underground, special fixtures and/or poles will be furnished only when the customer pays the difference in costs between such non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and are a part of this rate schedule.

Rider to Residential Subdivision Street Lighting

AVAILABILITY

This rider is available to and applicable to all residential accounts in the former town of James Island in Charleston County.

RATE

All residential accounts will have the following charge added to regular current monthly electric bills;

Lighting Charge per month	
Areas served by underground distribution	\$ 2.86
Areas served by overhead distribution	\$ 1.24

ANNUAL ADJUSTMENT

The lighting charge per month may be adjusted annually to reflect current lights installed, current customers, and the cumulative over/under collection of lighting costs.

DOMINION ENERGY SOUTH CAROLINA, INC.

ELECTRIC CONTRACTED RATES

<u>Name of Customer</u>	<u>Rate</u>
State Line Accounts*	23
INTERNATIONAL PAPER Eastover Mills	
Economy Power Rate	<u>Administrative Charges:</u> \$ 1,750.00 per month <u>On-Peak Energy Charge:</u> Fuel cost of highest cost generation unit or purchased power (other than cogeneration) plus \$ 0.02032 per kWh <u>Off-Peak Energy Charge:</u> Fuel cost of highest cost generation unit or purchased power (other than cogeneration) plus \$ 0.01112 per kWh <u>Excess Demand Charge:</u> \$ 20.00 per KW
Standby Power Rate	<u>Demand Charge:</u> On-peak June-September \$ 0.43068 per KW/Day On-peak October-May \$ 0.25512 per KW/Day Off-peak \$ 0.16208 per KW/Day <u>Energy Charge:</u> Same as that for Economy Power above <u>Excess Demand Charge:</u> \$ 20.00 per KW
Maintenance Power Rate	<u>Demand Charge:</u> \$ 0.47057 per KW/Day <u>Energy Charge:</u> \$ 0.04090 per kWh <u>Company Provided KVAR</u> \$ 0.14773 per KVAR <u>Renewable Energy Resources:</u> \$ 100.00 per month
Contracted lighting, signal and roadway lighting, etc.	Increase 1.08%

* After contractual (1925 and 1955) adjustments

- Note:
- (1) Fuel costs of \$.02464 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina.
 - (2) Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

CAPITAL COST RIDER COMPONENT

The above charges reflect the Capital Cost Component Rider adjustment as approved by the Public Service Commission of South Carolina.

EDIT DECREMENT RIDER

The Energy Charges above will be reduced by \$.00057 per kWh to reflect the EDIT Decrement Rider as approved by the Public Service Commission of South Carolina.

RIDER TO RETAIL RATES

DEMAND SIDE MANAGEMENT COMPONENT

(Page 1 of 2)

APPLICABILITY

Service supplied under the Company's retail electric rate schedules is subject to approved Demand Side Management (DSM) program cost adjustments. The rates shown below are applicable to and a part of the Company's South Carolina retail electric rate schedules and included in the monthly rate provision of the applicable schedule used in billing and shall therefore be added to customer's monthly bill statement:

DSM RATES BY CLASS (\$/kWh)

<u>Customer Class</u>	<u>DSM Factors</u>
Residential	0.00221
Small General Service	0.00433
Medium General Service	0.00277
Large General Service	0.00127

DERIVATION OF FACTORS

Demand Side Management costs to be recovered in an amount rounded to the nearest one-thousandth of a cent per kilowatt-hour will be determined by the following formula:

$$A = D / S$$

A = Customer Class Specific DSM Program Costs Rate Adjustment per kilowatt-hour applied to base rates rounded to the nearest one-thousandth of a cent.

D = DSM revenue requirement for the period calculated as (C + L + R)

Where:

C = One year of Amortization Expense (based upon the balance of DSM Program Costs at the beginning of the annual review period) plus associated Carrying Costs (calculated using the Company's Weighted Average Cost of Debt)

L = Net Lost Revenues for each customer class are based on forecasted retail kWh sales reductions attributable to DSM programs. Revenues lost are calculated using the average rate per customer class less the class specific fuel component and variable O&M. The resulting factor is then multiplied by the kWh sales lost for each class of customers. This amount will be "trued-up" for the actual impact on prior year sales. The total amount of net lost revenues is limited to a rolling three (3) year period.

R = One year of amortization of DSM Program Incentive to be calculated by multiplying the estimated Net Present Value Benefit of each energy efficiency program as determined by the Total Resource Cost Test times 9.9%.

S = Projected customer class specific sales, defined as retail kilowatt-hour sales from each class of customers for the current period, less sales from customers who have been approved for opt-out status.

The appropriate revenue-related tax factor is to be included in these calculations.

"OPT-OUT" PROVISION

1. Industrial customers as defined in Rate 23 are eligible to opt-out of DSM programs and costs.
2. Non-residential accounts that have both (i) annual consumption of 1,000,000 kilowatt-hours or greater in the billing months of the prior calendar year and (ii) 52-59 as the first two digits of their Standard Industrial Classification or 44-45 as the first two digits of their six digit North American Industry Classification System are also eligible to opt-out of the DSM programs and costs.

RIDER TO RETAIL RATES

DEMAND SIDE MANAGEMENT COMPONENT

(Page 2 of 2)

3. If a customer elects to opt out an eligible non-residential account, all other non-residential accounts which are billed to the same customer and located on the same or contiguous properties are also eligible for the opt-out. A customer may not aggregate accounts at separate locations to achieve the eligibility threshold of 1,000,000 kilowatt-hours.
4. Customers wishing to opt-out of DSM programs and recovery of DSM costs shall file a writing with the Company on a form provided by the Company representing that they have already implemented or will be implementing alternative DSM programs. Certifications shall be valid until withdrawn. If a Customer should choose to participate in one or more DSM programs for any account prior to or after the issuance of Commission Order No. 2013-826, then such Customer will not be permitted to opt-out of DSM programs and recovery of DSM costs for that account(s) for a period of three (3) years from the date the Customer accepts a DSM rebate from the Company.
5. Customers who opt-out but later elect to participate in one of the Company's programs may do so upon application to the Company. If acceptable to the Company, the Customer may participate in the Company's programs for any account(s), but may not apply to opt-out for that account(s) again for a period of three (3) years from the date the Customer accepts a DSM rebate from the Company.

Since DSM charges are included and a part of retail rates, customers qualifying for the opt-out provision shall receive the following DSM Credit on their monthly bill statement:

$$\text{DSM Credit} = \text{Billed kWh times the applicable DSM Rate}^*$$

* The DSM Rate shall be as shown in the above table for the schedule applicable to Customer's monthly bill.

DEFINITIONS

1. Annual Review Period - The period of time between December 1 and November 30.
2. Amortization Period - The period of time which the Company's DSM measures, program costs and incentive are deferred and amortized.
3. Customer Class - The Company's classification of customers based on similar energy usage characteristics. These are defined as follows:

Residential:

Rate 1 – Good Cents Rate, Rate 2 – Low Use Residential Service, Rate 5 - Residential Service Time-of-Use, Rate 6 – Energy Saver / Conservation Rate, Rate 7 – Residential Service Time-Of-Use Demand, Rate 8 – Residential Service

Small General Service:

Rate 3 – Municipal Power Service, Rate 9 – General Service, Rate 10 – Small Construction Service, Rate 11 – Irrigation Service, Rate 12 – Church Service, Rate 13 – Municipal Lighting Service, Rate 14 – Farm Service, Rate 16 – General Service Time-Of-Use, Rate 22 – School Service, Rate 28 (Experimental) – Small General Service Time-Of-Use Demand

Medium General Service:

Rate 15 - Supplementary and Standby Service, Rate 20 – Medium General Service, Rate 21 – General Service Time-Of-Use Demand, Rate 21A – Experimental Program - General Service Time-Of-Use Demand

Large General Service:

Rate 23 – Industrial Power Service, Rate 24 – Large General Service Time-Of-Use, Rate 27 - Large Power Service Real Time Pricing (Experimental)

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

TERM OF CONTRACT

The contract terms will be the same as those incorporated in the rate tariff under which customer receives electric service.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and form a part of this rider.

RIDER TO RETAIL RATES

EXCESS DEFERRED INCOME TAX (EDIT) RIDER

APPLICABILITY

This Decrement Rider applies to the energy related charges in all of the Company's retail electric rate schedules as specified below.

EDIT DECREMENT RIDER BY CLASS (\$/kWh)

The decrements, or rate reductions, listed below shall be returned to customers beginning with bills rendered on and after September 1, 2021 and will expire when the total balance of the Unprotected Property EDIT for Dominion Energy South Carolina, which will equal approximately \$99.5 Million at September 1, 2021 (grossed up for taxes), is depleted.

The decrements per kwh shown below will be provided as a separate line item credit on customer bills:

<u>Customer Class</u>	<u>Decrement Factors</u>
Residential - Rates 1, 2, 5, 6, 7, and 8	\$ (0.00158) per kWh
Small General Service - Rates 3, 9, 10, 11, 12, 13, 14, 16, 22, and 28	\$ (0.00142) per kWh
Medium General Service - Rates 20 and 21	\$ (0.00105) per kWh
Large General Service - Rates 23, 24, 27, and Contracts	\$ (0.00057) per kWh
Lighting - Rates 17, 18, 25, 26, and Residential Subdivision Streetlighting	\$ (0.00393) per kWh

GENERAL TERMS AND CONDITIONS

I. GENERAL

A. FOREWORD

1. In contemplation of the mutual protection of both Dominion Energy South Carolina, Inc. and its Customers and for the purpose of rendering an impartial and more satisfactory service, these General Terms and Conditions of the Company are hereby set forth and filed with the Public Service Commission of South Carolina, which has jurisdiction over public utilities, so as to read as hereinafter set forth; the same being incorporated by reference in each contract or agreement for service.
2. These Terms and Conditions are supplementary to the Rules and Regulations issued by the Public Service Commission of South Carolina covering the operation of electric utilities in the State of South Carolina.
3. These Terms and Conditions may be supplemented for specific Customers by contract.
4. Dominion Energy South Carolina is referred to herein as "Company", and the user or prospective user is referred to as "Customer". The Public Service Commission of South Carolina is referred to as "Commission".

B. Application

Provisions of these Terms and Conditions apply to all persons, partnerships, corporations or others designated as Customers who are lawfully receiving electric service from Company under the prescribed Rate Schedules or contracts filed with the Commission. Receipt of service shall constitute a contract between Customers and the Company. No contract may be transferred without the written consent of the Company.

C. Term of Service

The rates prescribed by the Commission are based upon the supply of service to each individual Customer for a period of not less than one year, except as otherwise specifically provided under the terms of the particular Rate Schedule or contract covering such service.

D. Terms and Conditions

The Terms and Conditions contained herein are a part of every contract for service entered into by the Company and govern all classes of service where applicable unless specifically modified as a provision or provisions contained in a particular Rate Schedule or contract.

E. Selection of Appropriate Rate

Where two or more Rate Schedules are available, the Company, upon request by the customer, will attempt to assist the Customer to a reasonable extent in determining which Schedule to select. The Company may allow a buildup period not to exceed six months for new and expanding accounts during which time the contract demand and/or minimum demand specified in the Rate Schedule may be waived. It is the responsibility of the Customer to select the Rate and the Company will not assume responsibility for the choice.

F. Temporary Service

Temporary or seasonal service will be furnished under the appropriate General Service Rate Schedule to any Customer. Temporary service shall include all construction services having a life expectancy of one year or less. Payment is required in advance for the full cost of erecting and removing all lines, transformers, and other service facilities necessary for the supply of such service.

G. Statements by Agents

No representative of the Company has authority to modify any Rule or Regulation of the Commission, provisions of Rate Schedules or to bind the Company by any promise or representation contrary thereto.

II. DEFINITIONS

Except where the context otherwise indicates another or different meaning or intent, the following terms are intended and used and shall be construed to have meanings as follows:

- A. "Day" shall mean period of twenty-four (24) consecutive hours beginning at 12 o'clock Midnight Eastern Time or at such other hours as may be designated.
- B. "Month" or "Billing Month" shall mean the period between any two (2) regular readings of Company's meters which shall not be less than twenty-eight (28) days or more than thirty-four (34) days.
- C. "Year", unless otherwise designated, shall mean a period of 365 days commencing with the day of first delivery of electricity hereunder, and each 365 days thereafter except that in a year having a date of February 29, such year shall consist of 366 days.
- D. "Premise(s)" shall mean home, apartment, dwelling unit, shop, factory, business location (including signs and water and sewage pumps), church, or other building or structure which shelters the Customer for his individual or collective occupancy where all services may be taken from a single connection.
- E. "Service Point" or "Point of Interconnection" shall mean the point at which Company's and Customer's conductors are connected.
- F. "Standard Service" means a single service per Premises from one electrical source and from existing overhead facilities.

III. CONDITIONS OF SERVICE

A. GENERAL

The Customer shall consult with and furnish to the Company such information as the Company may require to determine the availability of the Company's service at a particular location before proceeding with plans for any additional electric loads or customer owned generation. No additional electric loads or customer generation will be connected if it is determined that such service will jeopardize service to existing Customers. Failure to give notice of additions or changes in load or location or customer generation shall render the Customer liable for any damage to the meters or other apparatus and equipment of the Company, the Customer and/or other Customers caused by the additional load, changed installation or customer generation.

B. Character of Service

Electric energy supplied by the Company shall be standard alternating current at a frequency of approximately 60 hertz and shall be delivered only at voltages and phases as specified by the Company.

C. Rights-of-Way

The Company shall not be required to extend its distribution and service facilities, for the purpose of rendering electric service to the Customer until satisfactory rights-of-way, easements or permits have been obtained from governmental agencies and property owners, at the Customer's expense to permit the installation, operation, and maintenance of the Company's lines and facilities. The Customer, in requesting or accepting service, thereby grants the Company without charge rights-of-way and trimming and clearing privileges for its facilities on, along, across, and under property controlled by the Customer to the extent that such rights-of-way and trimming and clearing privileges are required, necessary or convenient to enable Company to supply service to the Customer or other Customers. The Customer also grants the Company the right to continue to extend the Company's facilities on, along, across, or under property controlled by the Customer with required, necessary or convenient trimming and clearing privileges to serve other Customers. Customer shall maintain such rights-of-way so as to grant Company continued access to its facilities by Company's vehicles and other power-operated equipment. Should customer choose to disconnect service, any rights-of-way and trimming and clearing privileges granted by this section shall remain in place to allow for continued operation of existing facilities.

D. Customer's Installation

Customer's service installations shall be made in accordance with these General Terms and Conditions, Specifications for Service and Meter Installations, existing provisions of the National Electrical Code, the Regulations of the National Board of Fire Underwriters and such other regulations as may be promulgated from time to time by any municipal bureau or other governmental agency having jurisdiction over the Customer's installation or Premises.

Customer's wiring and equipment must be installed and maintained in accordance with the requirements of the local, municipal, state, and federal authorities, and the Customer shall keep in good and safe repair and condition such wiring and equipment on Customer's side of the service point exclusive of Company's metering facilities and equipment. Customer's service entrance requirements shall be stipulated in the Electric Service and Meter Installations Manual, and other manuals published by the Company and approved by the Commission.

Before wiring a Premise or purchasing equipment, the Customer shall give the Company notice and shall ascertain from the Company the character of service available at such Premises. The Company may specify the voltage and phase of the electricity to be furnished, the location of the meter, and the point where the service connection shall be made.

Before purchasing customer owned generation, the Customer shall give the Company notice and shall ascertain from the Company the method of interconnecting with the Company's system at such premises. The Company may specify the location of a disconnect switch as well as the method and location of the service connection. Unencumbered access to the disconnect switch must be provided by the Customer.

Customers seeking to interconnect customer generation and operate in parallel with the Company's system are also required to apply and be approved for interconnection in accordance with the then current version of the SC Generator Interconnection Standard before operating a parallel generator. Should the Customer purchase or install a parallel generator before being approved for interconnection in accordance with the then current version of the SC Generator Interconnection Standard, the Customer does so at his own risk.

It is the standard practice of the Company to provide all requirements of service for the Customer through a single metering point at each Premises.

Where more than one service is required by the Customer, and requested services meet all applicable code requirements the Company will provide such additional service upon payment by the Customer to the Company of the charges above the first service. Each service point shall be a separate account. No new service will be connected without proper release from the inspecting authority having jurisdiction. Should there be no inspecting authority in the jurisdiction, the Company shall determine whether or not applicable codes are met and shall have no obligation to provide service until such time as they are met.

Customer shall furnish at his sole expense any special facilities necessary to meet his particular requirements for service at other than the standard conditions specified under the provision of the applicable Rate Schedule. The Customer shall also provide protection for Customer's equipment from conditions beyond the Company's control including, but not limited to, protective devices for single-phase conditions. The Customer shall also provide a suitable place, foundation and housing where, in the judgment of the Company, it is deemed necessary to install transformers, regulators, control or protective equipment on the Customer's Premise.

All equipment supplied by the Company shall remain its exclusive property and Company shall have the right to remove the same from the Premises of Customer at any time after termination of service for any cause.

Should Customer elect, for any reason, to request relocation of Company's facilities or take any action, which requires such relocation, Customer may be required to reimburse the Company for all costs as a result of such relocation. Company may relocate existing service and facilities, at Company's expense, when necessary for system design or operation and maintenance requirements.

The Customer shall be responsible for the protection and safekeeping of the equipment and facilities of the Company while on the Customer's Premises and shall not permit access thereto except by duly authorized representatives of the Company. Customer assumes responsibility and liability for damages and injuries caused by failure or malfunctions of Customer's equipment.

E. Special Equipment

Where a separate transformer or other additional electrical utility standard equipment or capacity is to be used to eliminate fluctuations or other effects detrimental to the quality of service to other Customers due to customer generation, electric vehicle charging, tankless electric water heaters, welding or X-ray equipment, etc., the Company may charge for the equipment and any additional work required. In lieu of the above, the Company may require the Customer to either discontinue the operation of the equipment causing the disturbance or install the necessary equipment to mitigate the disturbance detrimental to the Company's system or service of other Customers.

F. Safe Access to Customer's Premises

The duly authorized representatives of the Company shall be permitted safe access to Customer's Premises at any and all reasonable times to inspect, operate and maintain the Company's and the Customer's facilities and equipment for any and all purposes connected with the delivery of service, the determination of connected load or other data to be used for billing purposes, the determination of Customer load requirements or the exercise of any and all rights under the agreement.

G. Company's Installation and Service

Where the Customer's requested service to be supplied by the Company does not produce revenue sufficient to support the expenditure required, the Company will determine in each case the amount of payment and form thereof that shall be required of the Customer.

Electricity supplied by the Company shall not be electrically connected with any other source of electricity without reasonable written notice to the Company and agreement by the parties of such measures or conditions, if any, as may be required for reliability of both systems.

Service supplied by the Company shall not be resold or assigned by the Customer to others on a metered or unmetered basis; nor shall the Customer's wiring be connected to adjacent or other Premises not owned or operated by the Customer without specific written approval of the Company and of the Commission.

The Company's service facilities will be installed above ground on poles or fixtures; however, underground facilities will be provided when requested in accordance with the Company's appropriate underground service publications.

In Areas of Overhead Distribution: For new services, the Company will install and maintain an overhead service drop for loads up to 300 KVA from its overhead distribution system to the Customer's service connection provided the transformer can be placed in the proximity of the service point. The Company will maintain the overhead service drop for services existing prior to the effective date of these Terms and Conditions with loads up to 500 KVA. For residential Customers, if specifically requested by the Customer, the Company will install and maintain a single phase underground service to any residence (terrain permitting) provided the Customer pays in advance the difference in cost between a new overhead service and the new underground service of equal current carrying capacity.

In Areas of Underground Distribution: The Company will install and maintain the necessary underground facilities to provide a point of service at the Customer's property line or at another location designated by the Company. For residential Customers, the Company will install and maintain a single-phase service to the Service Point as designated by Company, up to a maximum length of 125 feet. If the requested residential service to Company's designated Service Point exceeds 125 feet in length, the Customer will pay in advance the total additional cost for that portion in excess of 125 feet in length. For underground service other than residential, the Customer shall furnish, install and maintain necessary service conductors and conduit from their service equipment to the Company's designated point of service regardless of meter location.

H. Term of Contract

The Term of Contract for service shall be for a term of one year with automatic renewal except as otherwise provided in the applicable Rate Schedule. Where a large or special investment in service facilities is necessary, or other special conditions exist, contracts may be written for (1) a longer term than specified in the Rate Schedule, or (2) a special guarantee of revenue, or (3) a facility charge, or (4) all of these conditions as may be required to safeguard the Company's investment.

I. Continuance of Service and Liability Therefore

The Company does not guarantee continuous service. Company shall use reasonable diligence at all times to provide uninterrupted service but shall not be liable for any loss, cost damage or expense to any Customer occasioned by any failure to supply electricity according to the terms of the contract or by any interruption or reversal of the supply of electricity, if such failure, interruption or reversal is due to storm, lightning, fire, flood, drought, strike, or any cause beyond the control of the Company, or any cause except willful default or gross neglect on its part.

The Company reserves the right to curtail or temporarily interrupt Customer's service when it shall become necessary in order that repairs, replacement or changes may be made in the Company's facilities and equipment, either on or off Customer's Premises.

The Company may impose reasonable restrictions on the use of service during peak periods of excessive demand or other difficulty, which jeopardizes the supply of service to any group of Customers.

The Company may waive any minimum charge or guarantee payments for service upon written notice from and request of Customer during such time as the Customer's plant may be completely closed down as a result of strike, lockout, government order, fire, flood, or other acts of God: provided however, that Customer specifically agrees that the term of the service contract shall be extended for a period equal to the period of enforced shutdown. (See Section VII, Force Majeure).

J. Denial or Discontinuance of Service

The Company may refuse or discontinue service and remove the property of the Company without liability to the Customer, or tenants or occupants of the Premises served, for any loss, cost, damage or expense occasioned by such refusal, discontinuance or removal, including but not limited to, any of the following reasons:

1. In the event of a condition determined by the Company to be hazardous or dangerous.
2. In the event Customer's equipment is used in such a manner as to adversely affect the Company's service to others.
3. In the event of unauthorized or fraudulent use of Company's service.
4. Unauthorized adjustments or tampering with Company's equipment.
5. Customer's failure to fulfill his contractual obligations.
6. For failure of the Customer to permit the Company reasonable access to its equipment.
7. For nonpayment of bill for service rendered provided that the Company has made reasonable efforts to effect collection.
8. For failure of the Customer to provide the Company with a deposit.
9. For failure of the Customer to furnish permits, certificates, and rights-of-way, as necessary in obtaining service, or in the event such permissions are withdrawn or terminated.

10. If the Company has reasonable evidence that there is or may be a danger from the Customer or any occupant and/or invitee of the Customer's Premises to Company personnel or agents who might be called to said Premises in the course of their duties with the Company, including but not limited to any direct or implied threats against the Company or its personnel or agents from said Customer or occupant and/or invitee.
11. The Company shall not furnish its service to any applicant who at the time of such application is indebted or any member of his household is indebted under an undisputed bill for service, previously furnished such applicant or furnished any other member of the applicant's household or business.
12. The Company may terminate a Customer's service should the Customer be in arrears on an account for service at another Premise. For the reason that the Customer's use of the utility service conflicts with, or violates orders, ordinances or laws of the State or any subdivision thereof, or of the Commission.
13. For failure of the Customer to comply with reasonable restrictions on the use of service. The Company may discontinue service without notice for reasons (1), (2), and (3) above. For the remainder of the reasons, the Customer shall be allowed a reasonable time in which to correct any discrepancy.
14. Failure of the Company to terminate or suspend service at any time after the occurrence of grounds therefore or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect the Company's right to later resort to any or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

K. Reconnection Charge

Where the Company has discontinued service for reasons listed in Section III-J, the Customer is subject to a reconnection charge of \$25.00 in addition to any other charges due and payable to the Company. In cases where both electric and gas service are reconnected at the same time on the same Premises for the same Customer, only one charge will be made.

Where the Customer interrupts or terminates service and subsequently requests reconnection of service at the same Premises the reconnection charge will apply.

IV. BILLING AND PAYMENT TERMS

A. General

The rates specified in the various service classifications are stated on a monthly basis. Unless extenuating circumstances prevent, the Company will read meters at regular monthly intervals and render bills accordingly. If for any reason a meter is not read, the Company may prepare an estimated bill based on the Customer's average use billed for the preceding 60 days or from other information as may be available. All such bills are to be paid in accordance with the standard payment terms, and are subject to adjustment on the basis of actual use of service as computed from the next reading taken by the Company's representative or for any circumstances known to have affected the quantity of service used. No more than one estimated bill shall be rendered within a 60-day period unless otherwise agreed to by the Customer or allowed by the Commission.

All billing errors shall be adjusted in accordance with the Commission's Rules and Regulations.

B. Customer's Obligations

The Customer is responsible for electricity furnished and for all charges under the agreement until the end of term thereof.

All bills shall be due and payable when rendered. Notice and collection of unpaid bills will be in accordance with the current Rules and Regulations of the Commission.

No Claim or demand which the Customer may have against the Company shall be set off or counterclaimed against the payment of any sum of money due the Company by the Customer for services rendered. All such sums shall be paid in accordance with the agreement regardless of any claim or demand.

Should service be terminated, the Customer's deposit shall be applied to reduce or liquidate the account. Service may be restored upon payment of the account, in full, plus the late payment charge set forth below, the reconnection charge set forth above and a deposit as set forth below.

C. Late Payment Charge

A late payment charge of one and one half per cent (1 ½%) will be added to any balance remaining twenty-five (25) days after the billing date.

D. Deposit

A maximum deposit in an amount equal to an estimated two (2) months (60 days) bill for a new Customer or in an amount equal to the total actual bills of the highest two (2) consecutive months based on the experience of the preceding twelve (12) months or a portion of the year if on a seasonal basis may be required from the Customer as security for payment of the account before service is rendered or continued if any of the following conditions exist:

- (1) The Customer's past payment record to the Company shows delinquent payment practice;
- (2) A new Customer cannot furnish either a letter of good credit from a reliable source or any acceptable cosigner or guarantor on the Company's system to guarantee payment;
- (3) A Customer has no deposit and presently is delinquent in payments;
- (4) A Customer has had his service terminated for non-payment or fraudulent use. All deposits may be subject to review based on the actual experience of the Customer. The amount of the deposit may be adjusted upward or downward to reflect the actual billing experience and payment habits of the Customer.
- (5) A non-residential Customer or its parent company is experiencing financial difficulties as determined by the Company using its internal credit risk rating criteria (even if the Customer has not yet defaulted or caused a default on a payment obligation to the Company) and has not negotiated an alternative payment plan designed to mitigate the Company's risk of loss. The Company may use a variety of security options other than the payment of a two-month cash deposit, including but not limited to accelerated payment plans, surety bonds, bank letters of credit or some combination of the above. All electrical utilities engaging in negotiated payment solutions must provide a copy of their respective internal credit risk rating criteria upon request by the Office of Regulatory Staff.

E. Service Charge

The Company may make reasonable charges for work performed on or services rendered:

- 1) Upon Customer's request at the Customer's Premises when, at the time the request is made, service and equipment provided by the Company is in good working condition and in compliance with these General Terms and Conditions, Specifications for Service and Meter Installations, existing provisions of the National Electrical Code, the Regulations of the National Board of Fire Underwriters and such other regulations as may be promulgated from time to time by any municipal bureau or other governmental agency having jurisdiction over the Customer's installation or Premises;
- 2) To repair, replace, remove or gain access to Company's facilities or equipment where such repair, replacement or removal is made necessary by the willful action(s) of the Customer, members of the Customer's household or invitees of the Customer; or
- 3) To repair, replace, remove or gain access to Company's facilities or equipment where such repair, replacement or removal is made necessary by the negligent failure of the Customer to take timely action to correct or to notify the Company or other responsible party to correct conditions which led to the needed repair, replacement or removal, except that such charges shall be apportioned between the Customer and the Company to the extent that the Customer shall only bear that part of the costs which reflect the costs added by the Customer's negligence. Such charges cannot be assessed where the damage is caused by

an Act of God except to the extent that the Customer failed timely to mitigate the damages. Such charges may include labor, material and transportation.

V. COMPANY'S LIABILITY

A. General

The Company shall not be in any way responsible or liable for damages to or injuries sustained by the Customer or others, or by the equipment of the Customer or others by reason of the condition or character of Customer's wiring and equipment, or the wiring and equipment of others on the Customer's premises. The Company will not be responsible for the use; care or handling of electricity delivered to the Customer after it passes the service point. The Customer assumes responsibility and liability for damages and injuries caused by failures or malfunctions of Customer's equipment.

VI. MEASUREMENT OF SERVICE

A. Meter Testing on Request of Customer

The Customer may, at any time, upon reasonable notice, make written request of the Company to test the accuracy of the meter or meters in use for his service. No deposit or payments shall be required from the Customer for such meter test if said meter has been in service at least one year without testing at Company's expense; otherwise the Customer shall deposit the estimated cost of the test; said deposit shall not exceed \$15.00 without the approval of the Commission. The amount so deposited with Company shall be refunded or credited to the Customer, as a part of the settlement of the disputed account if the meter is found, when tested to register more than 2% fast or slow; otherwise the deposit shall be retained by the Company.

B. Adjustments for Inaccurate Meters

Where it is determined that the Company's meter is inaccurate or defective by more than 2% error in registration, bills shall be adjusted in accordance with the Commission Rules and Regulations.

VII. FORCE MAJEURE

A. General

In the event Company is unable, wholly or in part, by reason of Force Majeure to carry out its obligations to provide service under its Rate Schedules or Contracts, the obligations of Company, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period and such cause shall, as far as possible, be remedied with all reasonable dispatch.

The term "Force Majeure" as employed herein shall include, but not be limited to acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, extreme weather conditions, storms, floods, washouts, arrest and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines, the maintaining or repairing or alteration of machinery, equipment, structures or lines (which maintaining, repairing or alteration shall, however, be carried out in such manner as to cause the smallest practicable curtailments or interruption of deliveries of electricity), freezing of lines, partial or complete curtailment of deliveries under Company's electric purchase contracts, inability to obtain rights-of-way or permits or materials, equipment or supplies, any of the above, which shall, by the exercise of due diligence and care such party is unable to prevent or overcome, and any cause other than those enumerated herein (whether of the kind enumerated herein or otherwise) not within the control of the person claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the persons affected, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the person affected thereby.